

BOARD OF COMMISSIONERS OF COOK COUNTY  
FINANCE COMMITTEE

Taken Thursday, October 17, 2013  
at 9:00 a.m.

Cook County Board Room  
County Building  
118 North Clark Street  
Room 569  
Chicago, Illinois 60602

PRESENT:

CHAIRMAN: MR. JOHN P. DALEY

VICE-CHAIR: MS. DEBORAH SIMS

COMMISSIONERS: MR. JERRY BUTLER  
MS. EARLEAN COLLINS  
MR. JOHN A. FRITCHEY  
MS. BRIDGET GAINER  
MR. JESUS G. GARCIA  
MS. ELIZABETH ANN DOODY GORMAN  
MR. GREGG GOSLIN  
MR. STANLEY MOORE  
MS. JOAN PATRICIA MURPHY  
MR. EDWIN REYES  
MR. TIMOTHY O. SCHNEIDER  
MR. PETER N. SILVESTRI  
MR. ROBERT B. STEELE  
MR. LARRY SUFFREDIN  
MR. JEFFREY R. TOBOLSKI

ALSO PRESENT:

MR. MATTHEW B. DeLEON, Secretary  
MR. ANTHONY W. LISANTI, Court Reporter

1                                   **BUREAU OF FINANCE**

2                   CHAIRMAN DALEY:   Good morning.   The  
3   Committee on Finance for the Cook County Board of  
4   Commissioners will now come to order.

5                               We will stand in recess until about  
6   9:20.

7

8                               (Brief recess.)

9

10                   CHAIRMAN DALEY:   The recessed meeting of  
11   the Finance Committee will now come to order.

12                               Commissioners, if you are in your  
13   offices, I would appreciate that you come out for  
14   the Bureau of Finance presentation.   It will be  
15   presented by Ivan Samstein, the Chief Financial  
16   Officer.

17                               Before we begin, I would like to enter  
18   into the record a letter from myself to the Chief  
19   Financial Officer, Ivan Samstein, dated October 17,  
20   2013:   "Please respond to the following question  
21   regarding the fiscal year 2014 executive budget."

22

23                               (Whereupon said document is in  
24   words and figures as follows:)

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INSERT #1  
LETTER DATED 17 OCTOBER 2013  
TO IVAN SAMSTEIN, CHIEF FINANCIAL OFFICER  
FROM  
JOHN P. DALEY, CHAIRMAN, FINANCE COMMITTEE  
COOK COUNTY BOARD OF COMMISSIONERS

1                   CHAIRMAN DALEY:   Mr. Samstein.

2                   MR. SAMSTEIN:   Good morning, Chairman  
3   Daley, and members of the Finance Committee.  It is  
4   our great honor to present to you President  
5   Preckwinkle's executive budget recommendation for  
6   fiscal year 2014.

7                   This is the fourth consecutive  
8   balanced budget the Administration has presented.  
9   Under the leadership of President Preckwinkle, and  
10  the Board of Commissioners, the County has reduced  
11  taxes by a net \$1.1 billion during these four budget  
12  cycles by rolling back the sales tax rate to 0.75%.

13                  In fiscal year 2014, we will continue  
14  our commitment to reform and the President's pillars  
15  of fiscal responsibility, innovative leadership,  
16  improved services, and transparency and  
17  accountability.  This budget document includes a  
18  list of proposed financial policies, and maintains  
19  the County's strong financial position as we  
20  continue to address long-term challenges.

21                  Through diligent cash management  
22  strategies, during fiscal 2013, we have repaid the  
23  entire \$46 million that you authorized us to draw  
24  from the County's \$200 million line of credit.  This

1 early repayment of debt associated with the Young  
2 lawsuit settlement is a function of the County's  
3 strong financial position.

4               This year we continue to work towards  
5 streamlining the budget process, and I think  
6 officials across the County will agree that Budget  
7 Director Andrea Gibson, and her team, have continued  
8 to institute best practices in budgeting countywide.  
9 One factor in which this is evidenced is that  
10 departmental requests this year were initially \$44  
11 million greater than the Budget Department targets.

12              Just two years ago -- I just want a  
13 comparison -- there were \$155 million in additional  
14 requests. This change reflects that Andrea Gibson,  
15 and her team, have developed a diligent process to  
16 document and vet requests while working  
17 collaboratively with departments and separate  
18 elected officials' officers.

19              With the reforms and advances  
20 identified in this budget recommendation, we  
21 continue to address the County's longstanding  
22 financial challenges in a manner that will allow us  
23 to deliver high-quality services in the years ahead  
24 without unduly burdening Cook County taxpayers'

1 residences and businesses. We appreciate the  
2 leadership of President Preckwinkle, and the Board  
3 of Commissioners, in this regard, and we thank each  
4 of you for your support on these initiatives.

5           We have assembled a truly outstanding  
6 team of truly finance professionals who are working  
7 to implement reforms and institute best practices in  
8 each of their respective areas.

9           This team includes Andrea Gibson, our  
10 Budget Director; Lawrence Wilson, Comptroller;  
11 Jackie Gomez, Director of Contract Compliance;  
12 Prasad Nettem, Director of the ERP Center of  
13 Excellence; Shannon Andrews, our Chief Procurement  
14 Officer; Zahra Ali, Revenue Director; Deanna Zalas,  
15 Risk Management Director; and Ammar Rizki, our  
16 Deputy Chief Financial Officer.

17           I would like to frame the 2014 budget  
18 for you. Our Budget Director will then discuss in  
19 greater detail how we closed the preliminary budget  
20 gap. After that, each member of our management team  
21 will walk you through highlights of their respective  
22 areas and their departmental budgets.

23           I would now like to draw your  
24 attention to the presentation that we will be

1 projecting onto the screen. I believe that we have  
2 also distributed copies which are on your desks.

3 When we look at this first slide --  
4 this is a slide that many of you are familiar with,  
5 which is the preliminary identified budget gaps in  
6 each of the last four fiscal years. You will note  
7 that it is steadily decreasing. It does reflect a  
8 drop from \$487 million to \$152 million. That is  
9 still a significant number, that \$152 million.

10 I think the important point here is  
11 that structural changes each year have a compounding  
12 effect. Structural changes implemented in one year  
13 pass on to the next, and help produce a structural  
14 deficit. That allowed us to work from a premise of  
15 a \$152 million deficit that Andrea and her team  
16 worked to close.

17 Looking at the next slide, this really  
18 frames the manner in which this budget proposal was  
19 framed. Specifically, no new taxes, fines or fees  
20 are included in this budget. Separately, there was  
21 a goal to increase the self-sufficiency of the  
22 Health System and reduce the Health System's  
23 subsidy.

24 In fact, this budget, you will note,

1 splits it into the Health Enterprise Fund, separate  
2 and distinct from the General Fund, which has  
3 historically included the Health Fund, Corporate,  
4 and Public Safety.

5                   These changes in the reduced self-  
6 sufficiency has been enabled by the success of the  
7 Health System enrolling the primary care patients  
8 into CountyCare. That has obviously been a very  
9 significant component.

10                   The other major tenet of this budget  
11 was to invest in technology projects, strategic ones  
12 that improve services and increase accountability.  
13 The intent was to look at projects that have long-  
14 term dividends.

15                   At this point, I would like to turn to  
16 the Budget Director, Andrea Gibson, who will discuss  
17 how we close the gap.

18                   MS. GIBSON: Thank you. Andrea Gibson,  
19 Budget Director.

20                   If you look at this next slide, this  
21 shows basically how we close the gap that we  
22 identified at the end of June. It was \$152 million.  
23 How we addressed that was \$97 million through the  
24 Health System; which mostly ties back to the one



1     hundred percent reimbursement from the Federal  
2     Government under Medicaid expansion. We also  
3     identified \$14.5 million in savings from health  
4     benefits and pharmacy benefit savings, compared to  
5     what we thought we would have to pay at the time of  
6     the preliminary budget.

7                     We experienced some revenue growth,  
8     both in terms of an improving economy as is shown in  
9     the real property transfer tax, sales tax, corporate  
10    income tax, but also in our enforcement efforts,  
11    including the enforcement of the cigarette tax and  
12    the Assessor's homeowners' exemption tax fraud  
13    enforcement.

14                    We identified a number of expenditure  
15    reductions after the preliminary budget, including a  
16    reduction in personnel -- vacant positions -- and  
17    also some contractual savings; especially in some of  
18    the IT contracts as well as energy savings from  
19    implementing the efficient equipment in our  
20    building.

21                    If you look at page seven, this shows  
22    you the reduction in the health subsidy. Ivan  
23    mentioned that this was one of the key features of  
24    the budget. It reduced the health subsidy by \$76

1 million. But you can see, if you go back to 2010,  
2 it is actually a fifty-five percent reduction from  
3 that time. Of course, this ties back to CountyCare,  
4 Medicaid expansion, and getting the Section 1115  
5 waiver last year.

6 If you look at our budget as a whole  
7 across all funds, these are the different revenue  
8 sources. This shows you what percent changes year  
9 over year. The biggest change is obviously the  
10 fees. That is where the CountyCare-Medicaid  
11 expansion in fees come in.

12 As I mentioned, the reimbursement from  
13 the Federal Government goes from forty-eight percent  
14 to one hundred percent next year for those who are  
15 eligible for that program. And, again, if you are  
16 an individual who is within the 133% poverty level,  
17 you would be eligible to enroll in CountyCare.

18 Something else of note on that slide  
19 is that our grant revenue is expected to go up.  
20 That is mostly because of the additional funding for  
21 the Land Bank that we received from the Attorney  
22 General, as well as Homeland Security grants.

23 The personal property replacement tax  
24 is something that I mentioned a moment ago. That is

1 the corporate income tax. That all goes towards our  
2 Pension Fund. That is improving quite a bit, and  
3 that makes more property tax funds available to the  
4 General Fund.

5 If you look at the next page, this  
6 shows the allocation of the revenue across the types  
7 of funds. As Ivan mentioned, we are separating out  
8 the Health fund from the General Fund, which is now  
9 just the Corporate and Public Safety Fund.

10 You will see there that the General  
11 Fund is increasing by \$43.5 million. That relates  
12 principally to some of the required public safety  
13 staffing and requirements under both the Department  
14 of Justice order for the jail and the new  
15 legislation entitled, "Raise the Age". That has  
16 seventeen-year-olds charged with felonies going  
17 through the juvenile system rather than the adult.

18 Also you will notice the largest  
19 increase is in the Health Fund. In order to be  
20 eligible for the reimbursement that I just spoke of,  
21 we need to invest in providing certain services for  
22 CountyCare; some of which include areas like  
23 substance abuse treatment, mental health services;  
24 areas that we haven't historically provided the

1 services for. But, again, this increase in the  
2 expenditures results in a more dramatic increase in  
3 reimbursements.

4 If you look at the next page, this  
5 looks a little bit more closely at the Corporate  
6 Fund, the Public Safety Fund, and as a separate fund  
7 the Health Enterprise Fund. It shows the number of  
8 positions by fund.

9 With that, I will turn it back over to  
10 Ivan.

11 CHAIRMAN DALEY: Excuse me, but  
12 Commissioner, I have you down and I have the other  
13 Commissioners also, but I will add you to the roll  
14 call. We were recessed.

15 MR. SAMSTEIN: Thank you.

16 This slide shows you basically the  
17 breakdown of where the dollars come from and where  
18 we spend dollars in this spending plan. You will  
19 note specifically on the right side of where the  
20 spending occurs it is not inconsistent with previous  
21 years where roughly thirty-two percent is to the  
22 Health System. The public safety is about 30.6%.  
23 So those still remain the largest lion's share of  
24 spending.

1                   You will notice general government,  
2   finance and administration, property and taxation,  
3   economic development, which are smaller components  
4   of the spending. Then, of course, capital  
5   investments, which are in both capital equipment and  
6   capital improvements -- the highway projects as  
7   well. The last relatively large one of 20.5% is in  
8   fixed charges. I will note that that does include  
9   both debt service of \$187.4 million as well as the  
10   County's contribution to the separate pension fund  
11   at roughly \$193 million.

12                  You will note where the funding comes  
13   from, a large amount includes fees, 34.5%. That  
14   does include fees from the Health System, the  
15   healthcare revenues that Andrea had discussed in  
16   detail. Home Rule taxes, which I think all of the  
17   Commissioners are familiar with, a wide assortment  
18   of Home Rule taxes that are included in funding the  
19   County's budget. Property taxes are roughly twenty  
20   percent. Then debt proceeds, and a small amount of  
21   MFT to service highway projects. Then a number of  
22   smaller revenue sources.

23                  Our intent was then to go into the  
24   departments, but Mr. Chairman, I believe you said

1     you wanted to answer some questions first.

2                   CHAIRMAN DALEY:  I previously have  
3     submitted a list of questions to Ivan.  We will go  
4     over a few of them.

5                   Please add Commissioner Collins to the  
6     roll call.

7                   Commissioners, for your clarification,  
8     what I thought we would do -- unless you want to go  
9     through all of the departments -- I thought it would  
10    be easier to have Ivan make his presentation, have  
11    questions of Ivan, and then have each department.

12                  Commissioner Suffredin.

13                  COMMISSIONER SUFFREDIN:  Thank you, Mr.  
14    Chairman, and ladies and gentlemen of the Committee.

15                  Ivan, let's just talk about the grants  
16    that were just discussed.  I am trying to  
17    understand, since we are dealing with a \$152 million  
18    shortfall.  The two sets of grants where there is an  
19    increase are the Homeland Security and the Land  
20    Bank.  They don't seem to have commensurate expenses  
21    directly within the County budget.

22                  How does increasing that revenue,  
23    without having it cover the costs, like some of the  
24    grants do for State's Attorneys and others, how does

1     that lower our shortfall?

2                 MR. SAMSTEIN: I will actually ask Andrea  
3     to address that question.

4                 MS. GIBSON: Commissioner, it actually does  
5     not lower our shortfall. We took a look at what  
6     other counties typically received in terms of grant  
7     revenues; especially from State and Federal  
8     Government. We observed that we get a lot fewer  
9     grants than our peer counties.

10                These grants typically do help us  
11     provide services, pilot programs, but they don't  
12     typically pay for basic operations or as an offset  
13     to the General Fund.

14                We do, however, have an opportunity,  
15     if we do receive a grant, to charge indirect, if  
16     there is an overhead amount there. But it is more  
17     about trying to get more resources to Cook County  
18     than getting grants to solve the budget deficit.

19                COMMISSIONER SUFFREDIN: I appreciate that.  
20     But what I am trying to understand here -- let's  
21     take the Land Bank. The Land Bank, those grant  
22     dollars do not directly affect any expenditure by  
23     the County; correct?

24                MS. GIBSON: That's right.

1           COMMISSIONER SUFFREDIN: If you take the  
2   Homeland Security, while we probably get some  
3   indirect expenditures -- maybe there is some salary  
4   for some of the people there -- it really doesn't  
5   affect even our indirect expenditures; correct?

6           MS. GIBSON: I don't recall what the  
7   indirect rate is on that particular grant. I don't  
8   dispute that the grants don't help us with the  
9   deficit. It just helps us do additional programming  
10  or bring more resources to the County.

11          COMMISSIONER SUFFREDIN: When I understood  
12  what the President was saying in terms of grant  
13  growth, I thought we were talking more along the  
14  lines of the State type grants, which we probably  
15  far exceed the other counties. Probably on the  
16  Federal side, we have not done as well. But if you  
17  take just the Child Support Division, you take the  
18  money that comes from the Illinois Criminal Justice  
19  Authority, those are all dollars that go into the  
20  Sheriff, the Chief Judge, the State's Attorney's  
21  Office for direct expenditure of personnel and  
22  covering overhead, running the largest child support  
23  operation in the State, and probably in the Midwest.  
24           How do we differentiate between these



1 grants as we go forward? I'm looking for some  
2 guidance here.

3 MS. GIBSON: That is actually an  
4 interesting grant to mention because that is a  
5 declining grant. The State has been cutting back on  
6 that grant, and it has been difficult for the  
7 various offices that receive that grant to absorb  
8 because they still have to perform the functions.

9 I think that is all the more reason to  
10 try to obtain additional grant dollars. I would  
11 like it if we found grant dollars that pay for some  
12 of the core functions, but I didn't mean to mislead  
13 by saying the Homeland Security or the Land Bank  
14 would help pay for the basic functions. It just  
15 helps overall.

16 COMMISSIONER SUFFREDIN: I am especially  
17 interested because we have a very significant number  
18 of employees that are on the grants that you just  
19 talked about. Child support is an important  
20 function that we take on.

21 How do we ensure -- let's say for the  
22 State's Attorney's budget. She has a number of FTEs  
23 that are covered by grant payments. As those grant  
24 payments go down, we have been laying off, is my

1 understanding, employees during a year whenever the  
2 grant dates expire. If you are one of the people  
3 that is being paid by the grant, we don't get  
4 reimbursed, you lose your job midyear.

5 Do we have any idea of how many people  
6 we are really talking about who are off of our  
7 general revenue fund, and are really on the salaries  
8 of these grants? That would be helpful for us to  
9 look at as we discuss trying to increase grants and  
10 what kind of grants are better for us.

11 MS. GIBSON: Yes. It is difficult  
12 operationally to have a grant in midyear and it is  
13 disruptive, certainly then if the employee is let  
14 go.

15 I would say that at times when the  
16 grants have reduced -- for the child support, we  
17 have worked with some of the different offices to  
18 identify positions in the General Fund that may  
19 become vacant where they can shift those employees  
20 rather than laying off.

21 COMMISSIONER SUFFREDIN: I understand that,  
22 but then that is an expense to us. We are picking  
23 up and really supplementing a State function. In  
24 some of the other counties, it is not the State's

1 Attorney's Office or the courts that are running the  
2 child support collection. They actually had private  
3 vendors in some of the other circuits.

4 I guess the question is: If we are  
5 going to use the grants as a way to increase our  
6 revenue and show a healthier budget, I think we have  
7 got to be able to show both sides of it.

8 I will put a question in writing to  
9 you asking you to just kind of deal with this. I  
10 think that otherwise we look like we are hiding  
11 behind grants that, in fact, I don't think really  
12 impact our general operation. They are kind of  
13 separate and out here, especially the Homeland  
14 Security. The Land Bank, for sure. It is operating  
15 as a quasi-independent operation.

16 In terms of the budgeting, I notice  
17 that you have a reduction in expenditures of about  
18 \$10.5 million for the Health and Hospitals System.  
19 Yet, if I understand the preliminary budget they  
20 gave us, their reduction in expenditures was about  
21 \$3.5 million. Can you explain what the difference  
22 is? Why you have a higher number than they did?

23 MS. GIBSON: My number is relative to the  
24 preliminary forecast the President issued at the end

1 of June. I believe that the Health System's  
2 document highlighted some changes year over year --  
3 highlighted some areas of reduction. But mine was  
4 very much a mathematical comparison to what we  
5 thought we would have to spend at the time of the  
6 preliminary budget.

7 COMMISSIONER SUFFREDIN: Again, I will ask  
8 you in writing to reconcile the differences between  
9 them. Probably when you were working on this we  
10 didn't have the preliminary budget completed by  
11 Health and Hospitals. If they are using a different  
12 year than you are, then we should understand that in  
13 looking at it.

14 The \$14.4 million in savings on health  
15 and pharmacy. Two point two of that is the issue  
16 that we were talking about with part-timers; is that  
17 correct?

18 MS. GIBSON: That is correct.

19 COMMISSIONER SUFFREDIN: Can you just  
20 explain how we are saving the remainder of that, the  
21 other \$12 million?

22 MS. GIBSON: Sure. A significant piece of  
23 that had to do with negotiating improved premium  
24 rates. During July and August, Risk Management

1 actually was working on negotiating those rates  
2 down. That was about \$8 million of it.

3 We also are taking advantage of a  
4 number of programs in our pharmacy benefits,  
5 including specialty drug management, something  
6 called "rare care management", which is a disease  
7 management for the most serious conditions.

8 We also are requiring certification of  
9 medical necessities for certain lifestyle drugs. We  
10 also negotiated better pricing with Caremark for our  
11 pharmacy. I can provide you that exact breakout, if  
12 you like.

13 COMMISSIONER SUFFREDIN: I think that would  
14 be helpful. Could you also look at the Self-  
15 Insurance Fund? It seems to have an increase of  
16 spending for health insurance of \$2.1 million.  
17 Should that number be offsetting the \$14 million  
18 number?

19 MS. GIBSON: Again, the \$14 million number  
20 was what we thought we would have to spend in 2014.  
21 At the time of the preliminary budget, we had a  
22 number of pressures on our health benefits,  
23 including some fees that we will have to pay under  
24 the Affordable Care Act. We were able to keep the

1     increase that low because of those actions we took.

2                   COMMISSIONER SUFFREDIN:  Let me ask Ivan a  
3     couple of questions.  Thank you.

4                   Ivan, we are getting barraged by  
5     people who are concerned about the courthouse  
6     parking that is beginning to be implemented.  What  
7     is the status of this?  How effective is this going  
8     to be?

9                   MR. SAMSTEIN:  That is a fair question.  As  
10    you know, it is an issue from several years ago.  
11    There has been a fair amount of work on that.

12                   You will note that there is a number  
13    in the budget.  I am actually going to let Andrea  
14    talk about the specifics on that number and where we  
15    are.  But you are right.  In this budget, we are  
16    assuming there is the implementation moving forward  
17    from an initiative of several years ago.

18                   MS. GIBSON:  The initiative that you are  
19    referring to is charging for parking at the  
20    courthouses.  The Capital Planning is in the process  
21    of negotiating with a vendor and will be coming to  
22    the Board later this year with that.

23                   At the same time, HR has started  
24    discussions with the various unions that might be

1     affected.

2                     We do expect nine months of revenue in  
3     this budget or \$2.9 million.

4                     COMMISSIONER SUFFREDIN: I am glad you  
5     mentioned the unions. The unions have come to a  
6     number of us and said that the Administration is  
7     saying that it cannot negotiate over the parking  
8     issue. It seems to me the parking issue is a good  
9     issue of collective bargaining, and it certainly  
10    should be covered under State law. I intend to  
11    bring forth an amendment at the next County Board  
12    meeting to say that this is a subject matter of  
13    collective bargaining. It seems to me that the cost  
14    of the parking versus other things we might be able  
15    to get in that collective bargaining probably are  
16    significant to us.

17                    I just want you to know that the  
18    unions feel there has been refusal to negotiate on  
19    it based upon memoranda that they were given by the  
20    outside counsel who are representing the County.

21                    I think that is enough for now. Thank  
22    you, Mr. Chairman, and thank you both.

23                    CHAIRMAN DALEY: Just as a reminder, as you  
24    submit the questions we will post them. When you

1 receive your answers, we request that you provide  
2 them to us and we will post them online as well.  
3 But it is your responsibility to make sure that the  
4 department or the elected official does respond to  
5 you.

6 Commissioner Collins.

7 COMMISSIONER COLLINS: My line of  
8 questioning is basically the same. I am going to  
9 indicate in writing some more specific things as it  
10 relates to the grants. I am gratified, in a sense,  
11 that we are receiving more grants. That is one of  
12 the things that I have talked about, and I know  
13 Commissioner Sims has been talking about it since I  
14 have been here. How do we reach out to get more  
15 grants, looking at the other counties, and where is  
16 the money that they are receiving and we are not?

17 We are improving in that vein, but on  
18 the other hand, we really need to put some checks  
19 and balances there so that when a grant runs out,  
20 and we are hiring people in those places, in  
21 addition to that, all of the grants that we have to  
22 put up a match up. Where are we and how are we  
23 going to manage to keep that under control?

24 The Commissioner's questions are very



1 on point to me.

2 The other thing that I still have not  
3 realized, even with all he said in the questions  
4 that he raised, and that is about Homeland Security  
5 and the Land Bank. I can't see, for the life of me,  
6 why we have to use any grants for the Land Bank. I  
7 thought it was a separate entity.

8 We need to also look at just what kind  
9 of entity we have as it relates to Cook County -- I  
10 can't think of it -- what is the name of the  
11 department that it is called? The Cook County  
12 department of justice that receives the grants for  
13 us? The girl that receives the grants.

14 CHAIRMAN DALEY: Judicial Advisory.

15 COMMISSIONER COLLINS: Yes. The Judicial  
16 Advisory Council. How that fits into it -- I do  
17 remember, but when you get older you forget names.  
18 I forget the names. There is no doubt of that.

19 We need to look at that. We need to  
20 understand deeper what is their role and  
21 responsibility. It seems to me that when you can  
22 take money that goes directly to your agency for  
23 employment that flows through a private agency, then  
24 it goes to provide service, that is a bit much for

1 me.

2 I want those questions answered.

3 CHAIRMAN DALEY: Commissioner Gorman.

4 COMMISSIONER GORMAN: Thank you, Chairman  
5 Daley, and thank you, Andrea, for your presentation.

6 My question is along grant lines. A  
7 larger issue in the past budgets is obviously we  
8 don't get enough grant money into our budget. Then,  
9 obviously, we have to cover the deficits from  
10 taxation. It is great that the grant are out there,  
11 and they are actually being infused.

12 My question is the estimated revenue  
13 on the grants. It says a twenty percent change.  
14 That is an increase over and above what it was  
15 originally; is that correct?

16 MS. GIBSON: That's right. It compares  
17 2013's grants to what we expect in 2014. It is a  
18 big increase. I think our goal internally is to get  
19 that number closer to \$200 million over the next  
20 five years. But we are headed in the right  
21 direction.

22 COMMISSIONER GORMAN: That's wonderful.  
23 That is twenty percent.

24 Is there a way -- it's alright if you

1 don't have it now -- to get an itemization of how it  
2 is being allocated? It is showing thirty percent of  
3 the revenues.

4 MS. GIBSON: Grants stay within the grants.  
5 It is not allocated to the General Fund. But I  
6 think maybe what you are asking is what areas?

7 COMMISSIONER GORMAN: Yes, like Homeland  
8 Security?

9 MS. GIBSON: Yes. In volume one there is a  
10 grants overview section that provides a summary of  
11 the grants by area. It summarizes public safety,  
12 healthcare -- that will give you a good overview of  
13 what is included.

14 COMMISSIONER GORMAN: The summary of grants  
15 is what I am looking for?

16 MS. GIBSON: Yes.

17 COMMISSIONER GORMAN: Thank you.

18 It seems like you know this book  
19 pretty well.

20 MS. GIBSON: I have gotten to know it  
21 pretty well.

22 COMMISSIONER GORMAN: Thank you.

23 CHAIRMAN DALEY: Commissioner Gainer.

24 COMMISSIONER GAINER: Good morning, and to

1 everyone, thank you for all of the work. This is a  
2 very nice presentation. I appreciate everything  
3 that went into it.

4 I have a couple of questions. I have  
5 one overall, when Commissioner Suffredin was asking  
6 about the breakdown of grants and where it is.

7 In our budget presentation with the  
8 President, I had asked you if we would be coming  
9 prepared, if the departments would be coming  
10 prepared with a breakdown of how much of their  
11 budget was grants, how much of their budget was  
12 Corporate Fund, and how much of their budget was  
13 fees. Are they going to be prepared to discuss  
14 that? And, if they don't work for the President,  
15 are you going to be prepared to illuminate some of  
16 that for us?

17 MS. GIBSON: Yes. The Judicial Advisory  
18 Council is distributing, I think, right now some of  
19 the information that you requested. I thought it  
20 was specific to public safety, but you mean for  
21 everybody?

22 COMMISSIONER GAINER: Yes. When the Clerk  
23 of the Court comes, or when Homeland Security comes  
24 -- where do we hear the youth jobs? Is that even

1 covered in this budget? Or is that a line item that  
2 goes to the City agency?

3 MS. GIBSON: If you are referring to One  
4 Summer Chicago --

5 COMMISSIONER GAINER: No. I am referring  
6 to the larger collaborative that Karin Norington-  
7 Reeves runs.

8 MS. GIBSON: She doesn't appear during the  
9 budget process, but Herman Brewer is the liaison  
10 there, I think, with Economic Development.

11 COMMISSIONER GAINER: Do we have a line  
12 item that we give them money, but we actually as the  
13 Board don't have any oversight into what they are  
14 doing?

15 MS. GIBSON: We do not give them money.  
16 They get grants, the WIA grants. All of it is  
17 grants. It is not supported at all by the General  
18 Fund.

19 COMMISSIONER GAINER: Does anyone come and  
20 talk about youth jobs? No?

21 MS. GIBSON: Through Karin Norington-  
22 Reeves? Not to my knowledge.

23 COMMISSIONER GAINER: So as far as any  
24 youth job oversight by the County -- I am just

1     trying to understand because I have questions on  
2     that. Is there any forum for us to engage on that  
3     topic or no?

4                 CHAIRMAN DALEY: Commissioner, Karin has  
5     appeared here.

6                 COMMISSIONER GAINER: When she ran POET, is  
7     that right?

8                 CHAIRMAN DALEY: Correct. I want to  
9     double-check on this. I thought she was here last  
10    year during the department presentation, which would  
11    be under Herman Brewer. I am pretty sure she was  
12    here, but I will double-check. I want to go back  
13    because I want to make sure that the elected, as an  
14    example, when the State's Attorney does appear you  
15    would like to know from someone what percent of  
16    their budget is grant-funded; is that correct?

17                COMMISSIONER GAINER: Yes.

18                CHAIRMAN DALEY: Would the State's Attorney  
19    know this?

20                MS. GIBSON: They will soon. In the  
21    budget, if you look at the State's Attorney, if you  
22    look at volume two in Section D, it does provide an  
23    overview on the very first page. It shows how much  
24    they are funded from the Public Safety Fund; how

1 much is the Special Purpose Fund; and each of the  
2 grants; and how much funding that provides.

3 COMMISSIONER GAINER: I just wanted to kind  
4 of get -- what I am trying to get is some sort of  
5 relative value. If somebody is relying eighty  
6 percent on grants and sixty percent on grants, it  
7 gives us a sense of potentially, as we discussed in  
8 our meeting, what is the volatility for this type of  
9 department. If you think of a red - green - yellow,  
10 we need to be on this as the County.

11 To Commissioner Suffredin's point --  
12 you have something that ceases midyear for lots of  
13 things. Government shutdown, changes in the State  
14 budget. Where are we more vulnerable because of a  
15 larger portion of somebody's budget's reliance? I  
16 understand you have a limited ability to influence  
17 how separately-electeds report their information to  
18 us. I can certainly add these things up on my own.  
19 But it is more the idea of -- are we kind of  
20 watching this overall, especially for departments  
21 that rely on the Corporate Fund, for which we would  
22 step in.

23 MS. GIBSON: I think part of your answer to  
24 the question is in the book. This shows the State's

1 Attorney has \$118 million available to them, or part  
2 of the recommendation, and \$20 million of that is  
3 grants. It doesn't speak to the other part of your  
4 question, which is -- how likely is it that these  
5 grants will be renewed and what is in jeopardy; that  
6 kind of thing.

7 COMMISSIONER GAINER: Especially for the  
8 departments that are actually County departments.  
9 That is a useful thing for us to understand. Even  
10 if it is a high-level analysis, it kind of gives us  
11 -- to Commissioner Suffredin's point -- where are we  
12 potentially at greater risk?

13 If someone can get back to me --

14 CHAIRMAN DALEY: I will. We are looking it  
15 up now. Will you inform all of the electeds to be  
16 ready for this? I am asking the Budget Director  
17 because this is the first they have heard about it.

18 COMMISSIONER GAINER: I just saw Matt  
19 nodding. No one comes to talk to us about youth  
20 jobs or youth employment?

21 SECRETARY DeLEON: Mr. Chairman, I am  
22 looking right now at the transcript from the 2013  
23 presentation from Economic Development. It  
24 references Cook County Works as now being a separate



1 part of the County-City Partnership. I don't  
2 believe there is any other reference to Cook County  
3 Works as part of the testimony. It doesn't indicate  
4 that Karin Reeves was here. It does not indicate  
5 that she was here.

6 CHAIRMAN DALEY: I thought she had made a  
7 presentation.

8 SECRETARY DeLEON: I think for previous  
9 budget years she had been. I can go back and see  
10 when it was. But from last year's hearing, I could  
11 not find it.

12 COMMISSIONER GAINER: This is my question.  
13 This is an important function. The County has some  
14 interest. We certainly have interest in what is  
15 going on with youth employment.

16 Is there a forum during this process  
17 for the Board to ask questions? It would be helpful  
18 to understand. That would be great.

19 Ivan, can you give us a general sense  
20 of the Cook County debt obligations in light of our  
21 recent downgrade? I know it was referenced, but  
22 could you kind of give us a succinct answer?

23 MR. SAMSTEIN: Absolutely. Commissioner,  
24 Cook County has roughly \$3.7 billion in bonds

1 outstanding. Of that, roughly \$3.1 billion is  
2 general obligation fixed rate debt. About \$115  
3 million is sales tax fixed rate debt. The fixed  
4 rate debt that is currently outstanding, there is no  
5 impact to the County from the downgrade. The  
6 holders potentially have some change.

7                   We do have roughly \$483 million in  
8 variable rate bonds. Those bonds do have some  
9 volatility. They reset them on a weekly basis, the  
10 interest rate. They have generally been stable. It  
11 is something we watch on a daily basis. The impact  
12 of the downgrade predominantly affects the bank  
13 facilities that support the bonds. It is in the  
14 range of \$300,000 to \$400,000 a year.

15                   I think from our perspective, though,  
16 we are obviously very intently discussing our  
17 financial position with the rating agencies, with  
18 investors, with banks, creditors, and market  
19 participants.

20                   You are absolutely right. The  
21 downgrade has affected the County from Moody's, but  
22 also the downgrades affect other governmental bodies  
23 in the area. All will have and will continue to  
24 have an impact on the County's cost of funding when

1 it goes to the market for new bonds in the future.  
2 It is something we clearly watch as it relates to  
3 our position in the capital markets.

4 COMMISSIONER GAINER: I will ask you this  
5 question, and then I would like a follow-up in  
6 writing. What is the calendar as the fixed debt  
7 rolls off and when do we need to renew going  
8 forward? Anything in the next six months?

9 MR. SAMSTEIN: We are eying several  
10 refinancing opportunities. We would not change the  
11 duration or the length of when we pay back those  
12 bonds. Those are simply replacing 5% and 5.25%  
13 coupons with lower cost debt and saving the  
14 taxpayers money. Because they are very short in  
15 nature, we still see very significant savings.  
16 Those are two transactions that we are eying very  
17 significantly.

18 Beyond that, as maturities come back,  
19 our intent continues to be to pay those off as  
20 maturities come up. The current intent is that  
21 there is no restructuring anticipated in this budget  
22 in any way, shape, or form. Our intent would not be  
23 to defer any additional principal.

24 COMMISSIONER GAINER: So we aren't looking,

1 outside of refinancing to capture an opportunistic  
2 rate change. There is no general obligation bonds  
3 that roll off that we would then assume because they  
4 are somewhat structural and consistent? That we  
5 would assume that we would reissue?

6 MR. SAMSTEIN: That is correct. There is  
7 none. We will discuss it a little bit later as well  
8 in terms of initiatives in the Chief Financial  
9 Officer's Office specifically.

10 We do not anticipate the issuance of  
11 any fixed rate bonds during fiscal 2014 to finance  
12 new projects. We are exploring an interim financing  
13 vehicle. It is very common in many larger  
14 governmental agencies -- it is lower cost, it is  
15 short duration -- as a way to possibly fund some of  
16 the capital equipment projects. But our plan is to  
17 continue to analyze what is the most cost-efficient  
18 option and bring a recommendation to the Board  
19 during fiscal '14.

20 We don't anticipate any issuance of  
21 fixed rate bonds other than opportunistic  
22 refinancing such as you indicated.

23 COMMISSIONER GAINER: I got it.

24 How does our debt obligation generally

1     compare to other municipalities of our size, from a  
2     ratio perspective so we can get --

3             MR. SAMSTEIN: That is a very good  
4     question.

5             COMMISSIONER GAINER: I thank you for that.

6             CHAIRMAN DALEY: You get a star.

7             COMMISSIONER GAINER: I was fishing. I was  
8     fishing.

9             MR. SAMSTEIN: I appreciate the question  
10    because it is something that we look at from several  
11    different perspectives. We look at it because  
12    capital markets look at it.

13            In the budget document there is a tab  
14    on financial policies. In fact, you will note that  
15    we recommend several different policies and ways to  
16    look at that.

17            The way we look at it is both on a per  
18    capita basis, how much debt per resident in bonded  
19    debt that we have -- the Chairman is referring to  
20    the fiscal forecast document which does talk about  
21    this.

22            COMMISSIONER GAINER: He thought it was a  
23    good question, and he wanted to point out that I  
24    could have done pre-reading, but go ahead.

1                   It is noted.

2                   MR. SAMSTEIN: I would point out that we in  
3 the financial policies recommend that there are  
4 limits, i.e., no more than a thousand dollars per  
5 resident for a bonded debt. That is one of several.

6                   We also look at it as a function of  
7 per capita. But we also look at it as relative to  
8 assessed valuation on taxable property in the  
9 County. That is the way the capital markets often  
10 look at it.

11                  Lastly, we look at it as it relates to  
12 debt service relative to the overall budget. In  
13 this year's fiscal budget, it is roughly \$187  
14 million in debt service costs. That is relative to  
15 roughly a \$3 billion spending plan.

16                  It does rise, as the Chairman  
17 indicated, in the forecast document. It is  
18 structured already to rise slowly and gradually over  
19 the next several years to roughly cap out at \$300  
20 million. That still represents a relatively modest  
21 percent of budget.

22                  I think what I would say to you, in  
23 answer to how do we compare to other governmental  
24 bodies -- we look at ourselves relative to national

1 medians and local medians. Our debt relative to  
2 many local governmental bodies is slightly lower per  
3 capita and relative to taxable evaluation. On a  
4 national scale, we are slightly above national  
5 medians, and it is something we will continue to  
6 monitor.

7 COMMISSIONER GAINER: Just a clarification  
8 of the question and the answer -- the other  
9 departments are going to come in and talk to us?

10 CHAIRMAN DALEY: Yes.

11 COMMISSIONER GAINER: I am only asking my  
12 question for you guys on procurement, risk  
13 management, and a lot of other things. I have  
14 specific questions on healthcare, but I actually  
15 prefer to ask Risk Management. I assume they were  
16 the ones that were doing the negotiations. We will  
17 kind of leave it there.

18 When you look at your deficit  
19 projections, Andrea, I notice that we kind of talk  
20 about what they are. Do you factor in at all the  
21 pension funding, the pension deficit? Or do you  
22 keep that completely divorced when we talk about  
23 deficit projections.

24 MR. SAMSTEIN: I will take that question,

1 Commissioner.

2 COMMISSIONER GAINER: I know it affects the  
3 ratings, but besides that.

4 MR. SAMSTEIN: No. It is obviously  
5 something that is a very significant indicator of  
6 our long-term fiscal health because the rating  
7 agencies and other bodies are looking at that.

8 That being said, as you know, the  
9 statutes currently dictate a statutory payment level  
10 which is the maximum not to exceed the level under  
11 current law. The budget document assumes that the  
12 County would continue to pay its payments to the  
13 separate body of the Pension Fund the maximum  
14 allowed under the law, which is roughly \$193 million  
15 in the fiscal '14 budget.

16 A good point to note is that the  
17 County has made the maximum payment possible under  
18 law for many years, as you well know.

19 COMMISSIONER GAINER: We don't really  
20 consider this when we look overall into what the  
21 County's debt status is or unfunded status. We see  
22 it is different. The only thing we are really  
23 considering for the purposes of talking about the  
24 corporate is that we can meet the \$193 million?



1                   MR. SAMSTEIN: As you know, the  
2 Administration certainly is looking at and believes  
3 a solution ultimately is needed to the pension  
4 challenges.

5                   That being said, this budget document  
6 anticipates that the County will continue to fund  
7 the maximum allowable under State law.

8                   COMMISSIONER GAINER: Fair enough.

9                   I have my other questions and I will  
10 wait for these guys. Thank you.

11                  CHAIRMAN DALEY: Vice Chair Sims.

12                  COMMISSIONER SIMS: Thank you, Chairman  
13 Daley.

14                  Commissioner Suffredin asked about the  
15 parking for the courthouses. I am interested in how  
16 that function is going to work, and how are we  
17 estimating our revenues from that, and has it been  
18 taken into consideration?

19                  CHAIRMAN DALEY: From the revenues.

20                  COMMISSIONER SIMS: I heard some rumors  
21 that it is going to be tied to an employee paycheck,  
22 that the money is going to come out of their  
23 paycheck every month to pay for parking; is that  
24 correct?

1 MS. GIBSON: A couple of answers. There  
2 were a couple of questions in there.

3 We budgeted for \$2.9 million, assuming  
4 nine months, that this would start in March. I  
5 believe at the Health System, where employees pay  
6 for parking, they have the option to have it  
7 deducted automatically from their paycheck.  
8 Certainly that would be available to employees as  
9 well. I believe they would have to sign up for  
10 that. It wouldn't be an automatic.

11 But in terms of how the parking  
12 operation will actually work, I will defer to  
13 Capital Planning, who has been working with a  
14 vendor.

15 COMMISSIONER SIMS: My concern is with the  
16 employees. If it is going to be payroll deducted,  
17 what if an employee is on vacation? What if an  
18 employee is sick? And, if it is payroll-deducted,  
19 are they going to be paying for days that they are  
20 not there? Is it going to be a coupon, like you  
21 have so many coupons you can buy? Which to me, I  
22 think, would be a better way to do this. You buy so  
23 many coupons in a month, and allow them to roll  
24 over.

1                   Let's just say an employee says, "I  
2   don't want it payroll-deducted. I have got vacation  
3   coming. I am going to be gone for two weeks." I  
4   know a lot of people, and I know an employee  
5   wouldn't want to pay for parking and they are not  
6   going to be there. When you factor in that \$2  
7   million, have you taken that into consideration? Or  
8   is it going to be a flat fee regardless of whether  
9   you park or not?

10               MS. GIBSON: I would assume we will be  
11   tracking however we handle the Health System  
12   parking. If it is okay, Commissioner, if I can get  
13   back to you with the detail on that. I don't have  
14   that at my fingertips.

15               COMMISSIONER SIMS: Think about a coupon  
16   process as well. Were you thinking about that?  
17   Let's just say somebody has a situation where they  
18   know they are not going to be there, and they may  
19   say, "I am not going to be there. I don't want to  
20   pay for parking while I am not there. Can it roll  
21   over?" Take those into consideration. You say you  
22   are banking on this \$2 million. Knowing you, you  
23   were very conservative in your estimates. I guess  
24   that maybe you may not get the \$2 million that you

1 are expecting because of that.

2 MS. GIBSON: We will take a look at that,  
3 Commissioner.

4 COMMISSIONER SIMS: My other question is --  
5 I am looking at your 2014 revenues versus expenses.  
6 This is where it says, "Where our dollars go." And  
7 it is only 0.8% that we are putting into economic  
8 development. I guess those are for projects  
9 throughout the County.

10 How much revenue do we get for  
11 economic development? I guess that is through CDBG.  
12 Are we getting less in 2014 than we got in 2013? Do  
13 we know that? Or we won't know that until March?

14 MS. GIBSON: We won't know that until  
15 later; but the CDBG is declining over the years.  
16 You have seen it here. Each year the amount that is  
17 brought to the Board is declining.

18 Back to your first question -- any  
19 grants, like CDBG or Home, or NSP; those would be  
20 part of what is included in the economic  
21 development, 0.8%.

22 COMMISSIONER SIMS: What was the total  
23 revenue in 2013 for economic development for CDBG  
24 and Home?

1           CHAIRMAN DALEY: Is that the grant?

2           COMMISSIONER SIMS: Yes -- what is that.

3           MS. GIBSON: Yes -- I am looking in volume  
4 one on page ninety-seven. This shows what is the  
5 approved budget for CDBG. We have about \$9 million  
6 in there for CDBG. If I recall, that is down from  
7 over \$10 million the prior year. We can get that  
8 comparison to you. I think you will see that those  
9 are declining sources.

10          COMMISSIONER SIMS: Does the Federal  
11 Government have other programs, other grants that we  
12 can go after? Here is the problem that I find in  
13 the south part of Cook County. We used to use our  
14 CDBG funding for economic development. It went for  
15 infrastructure. A lot of those funds I understand  
16 now are going for other things, as far as the  
17 agencies applying for funding to work their  
18 programs, as opposed to the way we used to just fund  
19 CDBG, strictly for infrastructure.

20                 Does the Federal Government have  
21 another grant avenue for infrastructure? In the  
22 south suburbs, there is a declining infrastructure.  
23 Streets, roads -- I know because I am Chairman of  
24 Highways. We got money that we can use, but that is

1 not enough. If you have a municipality that is  
2 using that strictly for streets -- maybe water  
3 repair or pipes or whatever -- if those dollars are  
4 declining, how are we going to help them and how are  
5 we able to bring businesses in, if we are not able  
6 to find funding to help them with their  
7 infrastructure?

8 MS. GIBSON: Commissioner, if you remember  
9 last year, the Department of Highways is renamed to  
10 "Department of Highways and Transportation". It  
11 wasn't just that they liked the name better. It was  
12 based on the idea that they would be eligible for  
13 more grant funds. That is an area where we think we  
14 have an opportunity in getting additional grants to  
15 address exactly what you are talking about with the  
16 infrastructure needs.

17 COMMISSIONER SIMS: What you are saying is:  
18 in the future that is going to shift, probably from  
19 CDBG to Highways. Will there be a shift?

20 MS. GIBSON: I don't know if I would call  
21 it a shift. But I would say that CDBG will probably  
22 continue to decline a little bit every year. It is  
23 our goal and intent to increase the amount of funds  
24 coming to Highways. So as CDBG Federal funds

1     decline, we would plan to get more grants for  
2     Highways and Transportation.

3             COMMISSIONER SIMS:  I would suggest in  
4     March, when we go to the legislative meetings in  
5     Washington, through NaCO -- I know there was a time  
6     a couple of years ago where there was a fight to  
7     stop the decline of CDBG dollars.  I think we should  
8     be in the forefront of that because we do have  
9     communities like Harvey, Markham, Phoenix, Ford  
10    Heights, that need those CDBG dollars.  I think we  
11    should be in the forefront of fighting for those  
12    communities.

13            Detroit should be fighting.  All of  
14    those communities.  Cook County, being the second  
15    largest in the country, we should be trying to band  
16    together with maybe some other States and county-  
17    elected officials to talk to our legislators to try  
18    to see if we can get more funding for CDBG.  I think  
19    that is going to be major, because if those dollars  
20    continue to decline, Cook County and those  
21    communities are really going to be in a real bind.  
22    I would hope we do that.

23            I am sorry to see that only eight  
24    percent is going out.  When I first got here, we had

1     lots of CDBG dollars to help those communities, not  
2     only in the south, but in the western suburbs as  
3     well. Those are my questions.

4                 MS. GIBSON: Commissioner, I might add that  
5     CDBG is one of the formula grants. It is formula-  
6     drive, based on census data and things like that.

7                 I think there is opportunity in  
8     increasing Federal grants. I just don't know if we  
9     could have an impact on the formula.

10                COMMISSIONER SIMS: We all know that the  
11     people -- if it is census-driven, we all know people  
12     in Cook County -- we did not put the money into the  
13     census that we should have put into the census to  
14     really get our numbers. The numbers that they are  
15     showing for Cook County are definitely not true.  
16     They are far less than they should be. So if that  
17     is the reason, if it is driven by census, then we  
18     should try to figure out how we can go back. I know  
19     at one time you could go back and do the correction.  
20     Are we too late to go back to do those corrections  
21     to try to capture some of the dollars?

22                CHAIRMAN DALEY: Yes. Definitely. It's  
23     over.

24                COMMISSIONER SIMS: It's over?



1           CHAIRMAN DALEY: The census, as you know,  
2 is based upon the remaps and everything else. In a  
3 few years, we will be on the new one. It has been  
4 declining each year, and the Administration and  
5 Congress has declined it.

6           COMMISSIONER SIMS: We fought it for a  
7 couple of years ago, and we didn't lose as much  
8 money, and they did put some money back. I am  
9 hoping that this year that we will fight to maybe  
10 capture some more, not to lose any more, or get less  
11 than we got last year.

12          CHAIRMAN DALEY: It is a difficult issue,  
13 but, again, it is all driven by cuts.

14          COMMISSIONER SIMS: Maybe we should team up  
15 with some other States that really have the decline  
16 that we are having in some of their communities to  
17 see if we can band together and make it a big issue  
18 and try to capture some more dollars. I understand  
19 the Federal Government doesn't have any money, but  
20 they can find money for stupid stuff.

21          CHAIRMAN DALEY: Please add Commissioner  
22 Tobolski to the roll call.

23                   Commissioner Silvestri.

24          COMMISSIONER SILVESTRI: Thank you, Mr.

1 Chairman.

2 With respect to the overall budget,  
3 Ivan.

4 CHAIRMAN DALEY: Excuse me, Commissioner.

5 Commissioner Schneider, we were  
6 recessed, so I do not have to add you to the roll  
7 call. You were here.

8 COMMISSIONER SILVESTRI: On page nine, it  
9 indicates that the total budget has a percent change  
10 of 6.5. Is this made up by the thing that you  
11 described earlier, in terms of aggressive  
12 refinancing or opportunistic, I think you said,  
13 refinancing?

14 How would you summarize the difference  
15 between a 6.5% increase in spending or change in  
16 spending as opposed to not an increase in revenue?

17 MR. SAMSTEIN: I would explain it,  
18 Commissioner, in a couple of ways.

19 I think the important point is that  
20 the Corporate and Public Safety Fund increased by  
21 roughly 3.3%, net of a number of external mandates.  
22 It actually is an increase around two percent, or  
23 slightly less than the projected rate of inflation.

24 COMMISSIONER SILVESTRI: The two percent --

1     excuse me for interrupting -- the two percent is the  
2     increase that is needed because of the Justice  
3     Department and things like that?

4             MR. SAMSTEIN:  No.  I apologize.  The 3.3%  
5     is the total increase in spending in the Corporate  
6     and Public Safety Funds.

7             COMMISSIONER SILVESTRI:  Each?

8             MR. SAMSTEIN:  Each; in the aggregate.  If  
9     you net out that external mandate, that is about  
10    1.3%.  It leaves about a two-percent differential,  
11    which we would note is less than inflation.

12            Much of the increase in spending that  
13    does occur happens in the health enterprise system.  
14    That is largely a function of spending.  There are a  
15    number of facts, but the predominant one is related  
16    to providing additional services for primary care  
17    and patients under CountyCare.  It is effectively  
18    spending money to generate those additional revenues  
19    under the CountyCare program.

20            COMMISSIONER SILVESTRI:  There is a revenue  
21    increase.  It is just not in the form of taxes and  
22    fees?

23            MR. SAMSTEIN:  That is correct.

24            COMMISSIONER SILVESTRI:  With respect to

1 the CDBG program, the amount of funding coming from  
2 Congress is reduced -- from Washington is reduced.  
3 But the criteria to apply for and receive the funds  
4 is not changed; is that correct?

5 MS. GIBSON: That's right. It is formula-  
6 driven. I think where we have a potential  
7 opportunity is to talk to the Federal Government  
8 about the total amount and how the formula is --  
9 what the total pot of money is for CDBG.

10 COMMISSIONER SILVESTRI: The total pot, not  
11 the process.

12 MS. GIBSON: Just the formula. It is  
13 formula-drive. But if the pot of money is larger in  
14 total for CDBG, the formula --

15 COMMISSIONER SILVESTRI: I am saying that  
16 the communities that have received it in the past  
17 are still eligible. The only problem is the lack of  
18 funding.

19 MS. GIBSON: It has been declining. Every  
20 year it has been declining.

21 COMMISSIONER SILVESTRI: The war is  
22 expensive.

23 Thank you.

24 CHAIRMAN DALEY: Thank you very much.

1 Any other questions?

2 Commissioner Moore.

3 COMMISSIONER MOORE: I was looking at  
4 Enterprise Resource Planning. Could you explain to  
5 me why we zeroed out the department's request? Is  
6 that because it is not up and functioning and  
7 running right now?

8 MS. GIBSON: Yes.

9 COMMISSIONER MOORE: Still, we requested  
10 nineteen new positions?

11 MR. SAMSTEIN: Commissioner, we will be  
12 discussing the ERP in greater detail in a moment.  
13 But the answer to your question specifically is the  
14 ERP projects are expected to last ten years or  
15 greater and are viewed as capital equipment and  
16 capital-eligible expenses. So we are, in fact,  
17 paying those expenses from existing bond proceeds on  
18 hand.

19 The positions are zeroed out, not  
20 because they are new hires, but because the  
21 appropriation from the operating budget is  
22 effectively zeroed out because we do in fact  
23 reimburse those expenses from capital dollars.

24 MS. GIBSON: Commissioner, if I could add

1 -- we are creating ERP as a separate department. It  
2 had been housed within the CFO's office. If you are  
3 looking at their budget, there is a department  
4 request. That hasn't been zeroed out. There just  
5 wasn't a last year's appropriation because it was  
6 embedded within the CFO's office.

7 COMMISSIONER MOORE: I am looking at C-1,  
8 029, Enterprise Resource Planning, ERP. The  
9 department's request is zero.

10 COMMISSIONER SIMS: Excuse me,  
11 Commissioner. When we use acronyms, for Tony's  
12 benefit, can we say what that is? At least if we  
13 say it once if we are going to use an acronym so  
14 that he knows exactly what we are talking about when  
15 he is recording it.

16 COMMISSIONER MOORE: Yes. I did.  
17 Enterprise Resource Planning, ERP.

18 I notice that the President's  
19 recommendation is zero and the department's request  
20 is zero. Last year's appropriation was zero. I  
21 just don't understand where the nineteen new  
22 positions are going to be housed, if the department  
23 is not up and running.

24 MR. SAMSTEIN: Last year, as Andrea

1 indicated, we did not have a separate department for  
2 the Enterprise Resource Planning. It was embedded  
3 within the Chief Financial Office, within my office.

4 In the 2014 budget, because we are  
5 staffing up, it is broken as a separate and distinct  
6 department.

7 To your point, the expenditures will  
8 be reimbursed from capital funds. I am not sure if  
9 I am answering your question, but I think I am. The  
10 difference between '13 and '14 is that there was not  
11 a distinct department. In '14, there is a distinct  
12 department. There are positions that will be housed  
13 under the ERP, the new ERP department, although  
14 those costs will ultimately be reimbursed by bond  
15 proceed dollars.

16 COMMISSIONER MOORE: Where are these  
17 nineteen new positions going to be? What department  
18 are they working for?

19 MR. SAMSTEIN: They will be working for the  
20 ERP department. They are not all new positions, I  
21 want to note; but a number of those were, in fact,  
22 in the current year's budget in the CFO's office.  
23 All of these positions will be operating under the  
24 ERP department under the Bureau of Finance.

1           COMMISSIONER MOORE: At what point will  
2 they be needing their own funding? Next year - '15?  
3 If there is nothing requested from this year's -- I  
4 am confused.

5           MS. GIBSON: Commissioner, this year they  
6 are being paid for out of capital funds. We went  
7 over that. We do have some operating expenses  
8 related to the new payroll upgrade of about \$1.2  
9 million. We have that in fixed charges.

10           We expect over the next several years,  
11 as we move from implementing a capital program to  
12 having it just maintained, that some of the  
13 resources will shift from capital to operating.

14           COMMISSIONER MOORE: Again, these nineteen  
15 people are actually working in capital?

16           MS. GIBSON: That's right.

17           COMMISSIONER MOORE: The ERP -- I know this  
18 is something that took place before I came. That is  
19 the countywide time and attendance, right?

20           MR. SAMSTEIN: That is one of the projects  
21 incorporated under the umbrella of the ERP system;  
22 yes, Commissioner.

23           COMMISSIONER MOORE: When are we going to  
24 implement the countywide time and attendance? When



1 will it be up and running?

2 MR. SAMSTEIN: There are several different  
3 ones, Prasad Nettem will be one of several  
4 department directors who will come up and discuss  
5 his three initiatives. But, basically, the intent  
6 for time and attendance is to bring a contract to  
7 the Board by the end of the year for the time and  
8 attendance. After the Board approves a contract, it  
9 is generally, roughly an eighteen-month time frame  
10 to implement it.

11 The intent is that certain pilot  
12 agencies to be determined during this year, one  
13 large and one small, will be implemented during  
14 fiscal '14. But it is roughly eighteen months to  
15 get the entire County implemented after we bring a  
16 contract to the Board. Our intent is to do so by  
17 the end of the year.

18 COMMISSIONER MOORE: So our countywide time  
19 and attendance project, will it be similar to the  
20 one that the City has where you can swipe in here at  
21 this office and swipe out at 69 West?

22 MR. SAMSTEIN: That is the intent,  
23 particularly I think in the Health System, for  
24 instance, where you have physicians who may show up

1 at a different facility. I think that is definitely  
2 one of the criteria that an individual would have  
3 with the metric-based system to swipe in, as you  
4 said, at different facilities.

5 COMMISSIONER MOORE: Thank you.

6 CHAIRMAN DALEY: Commissioner Schneider.

7 COMMISSIONER SCHNEIDER: Thank you, Mr.  
8 Chairman.

9 Ivan, when you were answering  
10 questions from Commissioner Gainer you mentioned the  
11 escalation in the debt service from \$183 million to  
12 nearly \$300 million. Maybe you can describe the  
13 term -- first, how long it is going to take to ramp  
14 up to that. And, then, as we all know, that  
15 anything that we apply to debt service is less we  
16 can expend on a yearly basis to supply services  
17 directly to our constituents.

18 My question is: Have we aggressively  
19 increased our capital spending, which is creating  
20 this increase in the debt service?

21 MR. SAMSTEIN: No, absolutely.

22 COMMISSIONER SCHNEIDER: Fill in the  
23 blanks.

24 MR. SAMSTEIN: Absolutely -- the debt

1 service is currently \$187.4 million. So the answer  
2 is: No, there is no function of a dramatic ramp-up  
3 in capital spending. This is actually related to  
4 outstanding bonds that have already been issued by  
5 the County.

6 In 2010 and 2009 the County issued  
7 roughly \$686 million in new-money debt. Via the  
8 restructuring in 2011, some of the impact of that  
9 was deferred for several years. But, ultimately,  
10 the debt service does escalate to about \$300 million  
11 from outstanding debt.

12 You are absolutely right. As debt  
13 service costs increase, they will reduce the general  
14 property taxes that are available to the General  
15 Fund. The intent -- and what we are looking at is  
16 roughly \$35 to \$40 million in year-over-year impact,  
17 over several years; including the impact of the  
18 Election Fund. It also reduces property tax  
19 available to the General Fund every year.

20 In roughly 2027 it stabilizes around  
21 \$300 million. The final term of the County debt is  
22 2034. Twenty years is the final maturity on all  
23 outstanding debt. It is sort of stabilized at that  
24 \$300 million figure for a period of time before

1 dropping off several years before final maturity.

2 I hope I answered your question  
3 sufficiently, Commissioner.

4 COMMISSIONER SCHNEIDER: You did very well.  
5 The \$300 million is the level plateau until 2034.  
6 Do you anticipate any need to go out and purchase  
7 additional bonds in the foreseeable future?

8 MR. SAMSTEIN: In the 2014 budget, we do  
9 not anticipate the issuance of new money debt. I  
10 think it is safe to say, based on the infrastructure  
11 needs of the County, both in capital equipment and  
12 capital improvements over time, there will be new  
13 money needs. I think in each budget year we will  
14 have to come up with a plan to fund those new money  
15 needs and any additional debts to finance the long-  
16 term projects.

17 COMMISSIONER SCHNEIDER: And, in doing so,  
18 you won't increase that \$300 million to something  
19 higher than that?

20 MR. SAMSTEIN: That would obviously be the  
21 goal. I think candidly it will be challenging to do  
22 so. I think when we talk about long-term challenges  
23 to funding infrastructure, it is definitely one that  
24 we spend a lot of time thinking about the best and

1 most efficient way to finance these capital projects  
2 and the infrastructure costs over the long run.

3 So, yes, there is a possibility that  
4 additional debt could reduce further operating  
5 dollars available to the General Fund.

6 COMMISSIONER SCHNEIDER: So your \$300  
7 million plateau that you reach is roughly at 2020?

8 MR. SAMSTEIN: The 2017 budget.

9 COMMISSIONER SCHNEIDER: That has not  
10 anticipated any new bonds?

11 MR. SAMSTEIN: That's correct.

12 COMMISSIONER SCHNEIDER: That is all I  
13 wanted to know. Thank you.

14 CHAIRMAN DALEY: Any other questions?

15 Commissioner Fritchey.

16 COMMISSIONER FRITCHEY: Thank you.

17 Just a quick follow-up for my  
18 education. The ERP positions are going to be paid  
19 out as capital; how does that work? It is very  
20 uncommon to see capital funds used for salaries.

21 MR. SAMSTEIN: What governs the use of  
22 taxes on bond proceeds, specifically in this case,  
23 predominantly are what we call "Build America Bonds"  
24 from several years ago. That is what I just

1     referred to. The IRS governing rules dictate and  
2     govern the ability to use those for capital  
3     projects. It is actually a very common practice for  
4     a county and for other entities.

5                     You are absolutely right. We don't  
6     pay salaries out of bond proceeds, except when the  
7     individuals are one hundred percent dedicated to a  
8     specific long-duration capital project that is  
9     eligible under the IRS guidelines. When those  
10    individuals are solely one hundred percent dedicated  
11    to that project, the County has historically used  
12    bond proceeds to pay for that capital project. That  
13    includes the salaries for the individuals, during  
14    the development on a technology project or during  
15    the construction period for construction.

16                    COMMISSIONER FRITCHEY: So the project  
17    qualifies the folks dedicated to your project; they  
18    qualify?

19                    MR. SAMSTEIN: During the development  
20    period. Once the project is built, so to speak,  
21    then, no.

22                    COMMISSIONER FRITCHEY: Then at some point  
23    there being a cliff down the road, basically those  
24    salaries have to be transferred somewhere else?

1           MR. SAMSTEIN: That is correct. That is  
2 what Andrea referred to that over time, if the  
3 projects were built, so to speak, for lack of a  
4 better word, the people will start moving from the  
5 capital to the operating.

6           CHAIRMAN DALEY: Commissioner Tobolski.

7           COMMISSIONER TOBOLSKI: Thank you, Mr.  
8 Chairman.

9           At this time, the hour having reached  
10 10:30, I need to call my meeting.

11          CHAIRMAN DALEY: We will recess the Finance  
12 Committee to the call of the Chair.

13

14           (Brief recess.)

15

16          CHAIRMAN DALEY: The Finance Committee is  
17 now reconvened.

18           Commissioner Tobolski, did you have a  
19 question?

20          COMMISSIONER TOBOLSKI: No, sir.

21          CHAIRMAN DALEY: Commissioner Collins.

22          COMMISSIONER COLLINS: I would like for you  
23 to be able to -- I guess you can clarify this for me  
24 because I am not clearly understanding just where we

1 are as it relates to our bond rating; what you are  
2 saying we may have to do in terms of issuing bonds.

3 It is my understanding that we were  
4 issuing bonds because we had a serious pension  
5 deficit. Our deficits in pensions were greater than  
6 anything else because we had not been paying the  
7 bills, our share, into the Pension Fund.

8 It was also my understanding that we  
9 were not incurring additional debt service because  
10 we were restructuring our bonds and lowering the  
11 interest rates. From that savings, it would sort of  
12 balance off our debt.

13 I want to know, over the last four  
14 years, what has our bond rating dropped to from  
15 where we are now?

16 MR. SAMSTEIN: Commissioner, a couple of  
17 points that I will just mention. The County's  
18 existing bond debt service is generally related to  
19 capital projects. As it relates to the County  
20 Pension Fund, it is important that the County has,  
21 in fact, been paying the statutory maximum allowed  
22 under State law to pay. The bond proceeds, which  
23 are about \$3.7 billion, are largely related to  
24 capital projects, some self-insurance funding, and



1 not related to pension costs. I do want to make  
2 that clarification.

3 But, as it relates to our bond rating,  
4 our bond ratings are currently A1, with a negative  
5 outlook from Moody's Investors Service; AA, with a  
6 stable outlook from Standard & Poor's; and AA- from  
7 Fitch Ratings, also with a negative outlook.

8 There was a downgrade, as you alluded  
9 to, from Moody's Investors Service which was an AA3  
10 rating previously, and they did downgrade that  
11 rating this summer from AA3 to A1.

12 COMMISSIONER COLLINS: It was also my  
13 understanding that this administration was doing a  
14 good job on A, balancing our budget, cutting back  
15 and saving money on all of our purchases. We are  
16 saying we saved this amount of money; we saved that  
17 amount of money. I am not understanding. Then on  
18 top of it, the Health Systems, the additional money  
19 coming in from the waiver and a combination of  
20 things that leads me to believe that the Health  
21 System's Board will be able to fund itself without  
22 having to rely on anything coming basically from the  
23 County or using any of our money to subsidize the  
24 General Fund for the operation of the overall County

1 Government.

2 I am very confused. I have asked each  
3 time, when we say we have a savings here. We were  
4 saving all of this money. We are buying up and  
5 storing up things for the future that we didn't have  
6 to purchase. We were warehousing those because we  
7 got a good deal, and, therefore, these things were  
8 bought in bulk and stored until such time as we  
9 wanted to use them. Also, Homeland Security has  
10 been doing much more than they had been doing  
11 before.

12 I am confused about your deficit. You  
13 talk about a deficit now. Can I get that in  
14 writing? I want to see this in writing.

15 The other thing that bothers me the  
16 most -- we talk about transparency, open government,  
17 and all of that. This new group, the 501(c)(3). I  
18 chaired the committee on employment and training.  
19 All of that, again, disappeared when nobody had any  
20 say-so or any authority to look at it -- they will  
21 tell you that -- to go in and see what the Cook  
22 County Works does, when the Federal money comes in  
23 for employment and training.

24 If you go out to try and find them,

1 and talk to these people -- I don't know what they  
2 are doing. They will tell you, many of them, our  
3 job is not to find jobs; our job is for job  
4 training. But what are you training? Are they in  
5 career tracks directly related to that? How many  
6 people have gotten jobs through the career tracks?  
7 Nobody is telling us this. Where is that money? Do  
8 I have the authority? Does the State, the County  
9 Board have the authority to call for a hearing so  
10 that we can get a report back of the money we put  
11 in?

12 We put in \$7 million.

13 CHAIRMAN DALEY: Commissioner, the Bureau  
14 will be here tomorrow.

15 COMMISSIONER COLLINS: I thought someone  
16 said that they wouldn't be here to answer the  
17 individual questions.

18 CHAIRMAN DALEY: Herman Brewer will be here  
19 tomorrow. I requested that Karin come and make a  
20 presentation as part of that. Karin Norington-  
21 Reeves.

22 COMMISSIONER COLLINS: You are getting old,  
23 too.

24 CHAIRMAN DALEY: No. That is her name.

1 Her name is Karin Norington-Reeves.

2 COMMISSIONER COLLINS: So Ms. Reed is going  
3 to be here.

4 CHAIRMAN DALEY: The grantee is not the  
5 County any more. There is this new partnership, and  
6 you are well aware of it. I know you chaired the  
7 Committee.

8 COMMISSIONER COLLINS: I understand that  
9 there is this intergovernmental agreement. I  
10 understand that the City put more than we did in it.  
11 They come up with upwards of \$20 million into this  
12 project. We put at least \$7 to \$10 million into  
13 this project. We handed it over to her and plus  
14 hired her.

15 The other thing is: I want to know  
16 how many people in that private entity is now still  
17 receiving salaries or any kind of money from either  
18 unit of government, the City of Chicago or the Cook  
19 County Board.

20 CHAIRMAN DALEY: The department will be  
21 here tomorrow at 1:30.

22 COMMISSIONER COLLINS: Thank you so much.

23 CHAIRMAN DALEY: We have requested her to  
24 come.

1           COMMISSIONER COLLINS: We need the  
2 documentation that these programs work.

3           CHAIRMAN DALEY: Any other questions?

4           COMMISSIONER COLLINS: To make sure that  
5 they know that we also want to know about youth  
6 employment because that should be a part of it.

7           CHAIRMAN DALEY: Thank you.

8                     The next department will be the  
9 Department of Revenue. I have it as the Department  
10 of Revenue, 007, Zahra Ali.

11           MR. SAMSTEIN: We are skipping through page  
12 twenty-four for Zahra Ali, the Department of Revenue  
13 Director.

14           MS. ALI: Good morning, Commissioners.  
15 Zahra Ali, the Director of Revenue.

16                     To start off, the Cook County  
17 Department of Revenue's mission is to ensure and to  
18 effectively administer and enforce the collection of  
19 Cook County Home Rule taxes and fees and fines,  
20 while providing courteous, professional service to  
21 the public; also to fairly and equitably enforce tax  
22 compliance and accurately process revenue  
23 collections. It gives you a snapshot to the right  
24 of our 2012, '13, and our current budget proposal

1 for fiscal year 2014.

2 On the next slide, to highlight the  
3 2013 accomplishments -- we have increased our Home  
4 Rule taxes enforcement effort, especially in our  
5 cigarette tax enforcement. We have led it to  
6 greater compliance and increased tax stamp sales,  
7 too. Where our revenue estimates were initially  
8 \$133.3 million, we are projecting to the end of the  
9 year \$145 million.

10 Based on historical trends, if we do  
11 not face a large decline due to the higher tax rate,  
12 thus we conclude that our enforcement effort has  
13 brought greater compliance.

14 We have implemented in our area of the  
15 tobacco tax enforcement, the tobacco investigation  
16 system. This has increased greater activity out in  
17 the field. They now have tablets where we have  
18 minimized paper and errors. We have now developed  
19 business intelligence, streamlining the process of  
20 reporting and account management.

21 We have achieved and accomplished our  
22 one-time floor tax implementation from the other  
23 tobacco products and cigarettes, which have resulted  
24 in approximately \$6 million in 2013. We are

1 continuing to pursue our delinquent payers.

2 For our nonretailer transfer tax, we  
3 have, with the support of the President and the  
4 Board of Commissioners, because we reduced the tax  
5 rate earlier this year and introduced a hardship  
6 process.

7 In our fiscal year 2013, we had new  
8 taxes, which was the implementation of the gaming  
9 machine tax which has brought in over \$203,000 to  
10 date. On average, the terminal operators have been  
11 approved by the Illinois Gaming Board. There are  
12 approximately two established per month, which nets  
13 out to five machines, which results in revenue to  
14 the County.

15 In our firearm tax, we have achieved  
16 over \$346,000. We have noticed and investigated all  
17 sixty-three Federal firearm license dealer holders.  
18 We have ensured that all of the Federal licensed  
19 dealers who are subject to our tax are registered  
20 and paying us on time.

21 In fiscal year, 2013, the Cook County  
22 Department of Revenue received the Excellence in Tax  
23 Stamp award, a special commendation award for the  
24 Cook County Department of Revenue for our cigarette

1 reward program. In addition, in the GFOA conference  
2 this past year, we were invited as a speaker to talk  
3 about technology trends in revenue, regarding our  
4 cigarette reward program.

5 In fiscal year 2013, our department  
6 continued to implement our strategic department  
7 reorganization, where we will be aligned in  
8 restructuring our personnel. We are currently in  
9 the process of hiring seven positions in compliance  
10 and enforcement efforts.

11 Finally, we have highlighted our  
12 accomplishments in improving our revenue  
13 collections, which include working with our third-  
14 party debt collection agency. We have achieved over  
15 \$1.3 million in additional collections for the  
16 fiscal year 2013 budget, as well as an extension of  
17 our lockbox services. We have completed two  
18 additional lockboxes in 2013. We have successfully  
19 piloted our local tax intercept program for the  
20 State's Comptroller's Office.

21 We have over seventy-eight offsets  
22 this year. We hope to transition and implement our  
23 local tax intercept process before the refund season  
24 in 2014.



1                   To highlight our 2014 budget -- we  
2     will continue to focus on our increased compliance  
3     and enforcement efforts. We have launched  
4     additional efforts to conduct field and desk audits,  
5     and pursue delinquencies and deficiencies. For our  
6     return on investment for our over 340 direct audit  
7     staff resources from 2012 and 2013, we have already  
8     achieved \$4.3 million. In 2014, we look to target  
9     an additional \$12.5 million.

10                  Similarly, in our tobacco tax area, we  
11     have already achieved our target our revenue  
12     collections in excess of \$9 million. If we did not  
13     have the enforcement efforts, we would be trending,  
14     as the historical analysis says it is a double-digit  
15     decline in the year 2014. We are approximately  
16     looking to achieve an additional \$6 million in  
17     enforcement efforts.

18                  Our tax discovery program -- we have  
19     already, in the fiscal years '12 and '13, we have  
20     achieved over \$1.7 million to identify taxpayers and  
21     businesses who were not registered and filing with  
22     us.

23                  For our Home Rule taxes, which is in  
24     the area of parking, amusement, liquor, gas, diesel,

1 the use taxes. In 2012 we look to achieve an  
2 additional \$2.2 million.

3 In fiscal year 2014, we have  
4 identified a process improvement initiative in  
5 enforcement historically by the Cook County  
6 Department of Revenue. The County has not been  
7 auditing the real transfer tax returns that are  
8 filed with the Cook County Recorder of Deeds'  
9 Office. We have proposed this idea and initiative  
10 in 2014. We look to achieve a target of \$1 million  
11 in 2014.

12 Since the Cook County Department of  
13 Revenue has not historically been a part of this, we  
14 have our audit supervisor, who comes from the City,  
15 with over ten years of experience in this area. We  
16 will be working collaboratively with the Cook County  
17 Recorder of Deeds' Office.

18 Finally, we look forward this year to  
19 working with our Bureau of Technology in presenting  
20 an integrated tax processing solution for enhancing  
21 -- right now, our infrastructure technology, our  
22 infrastructure to improve our tax enforcement and  
23 compliance efforts, as well as revenue collections.

24 CHAIRMAN DALEY: Commissioner Silvestri.

1                   COMMISSIONER SILVESTRI: Thank you, Mr.  
2 Chairman, and thank you, Madam Director.

3                   With respect to the gaming machine  
4 licensing fee, has there been any discussion with  
5 the State? First of all, how do you get the  
6 information that these video games have been  
7 licensed? Does the State provide that for you?

8                   MS. ALI: We work with the Illinois Gaming  
9 Association.

10                  COMMISSIONER SILVESTRI: So they provide it  
11 to you?

12                  MS. ALI: Yes.

13                  COMMISSIONER SILVESTRI: I have heard many  
14 complaints that the process is very slow. Have you  
15 found that in terms of revenue collection? This is  
16 a big county, with a lot of places that have video  
17 gaming, so I guess the process is slow.

18                  MS. ALI: There are pending over in excess  
19 of one hundred applications in the Illinois Gaming  
20 Board.

21                  COMMISSIONER SILVESTRI: One hundred from  
22 Cook County? Or from the whole State? One hundred  
23 would mean five hundred machines; is that right?

24                  MS. ALI: There is in excess of one hundred

1 applications.

2 COMMISSIONER SILVESTRI: How much per  
3 machine?

4 MS. ALI: Two hundred.

5 COMMISSIONER SILVESTRI: Two hundred  
6 dollars for each of those machines, times five  
7 hundred machines; right?

8 MS. ALI: That is correct.

9 COMMISSIONER SILVESTRI: That would add up,  
10 if the process was expedited somewhat?

11 MS. ALI: They have been increasing and  
12 that is where we have been seeing terminal operator  
13 being approved. On a monthly basis that is where  
14 now we have seen over two applications, which then  
15 the terminal operators do work with our office and  
16 submit the required information.

17 COMMISSIONER SILVESTRI: I know that the  
18 municipalities were concerned that the process was  
19 very slow, and they were complaining to their State  
20 officials about it. Have we taken a position on  
21 that at all? Or have we been contacted at all about  
22 joining in that debate?

23 MS. ALI: We can look into that.

24 MR. SAMSTEIN: We haven't taken a position.

1 It is, as you know, a State agency that you are  
2 hearing and not the County process.

3 COMMISSIONER SILVESTRI: I agree. I wasn't  
4 implying that the County was doing anything slowly  
5 or wrong. Obviously, that is revenue that is being  
6 delayed because of the process at the State.

7 MS. ALI: We have seen a heightened  
8 increase from last year, based on the number of  
9 applications that were approved. And, then, what we  
10 see at the current time there has been an increase  
11 and now we see some signs of an improvement, because  
12 on a monthly basis we are in communication with more  
13 terminal operators who are now being approved.

14 COMMISSIONER SILVESTRI: Are the licenses  
15 for the calendar year or a year from when you get  
16 the license?

17 MS. ALI: It is on a calendar year.

18 COMMISSIONER SILVESTRI: On the 2013  
19 license in January --

20 MS. ALI: It is August 1, 2013, to July 31,  
21 2014.

22 COMMISSIONER SILVESTRI: So if someone gets  
23 the license in January, they need a new one in  
24 August; is that correct?

1 MS. ALI: That's correct.

2 COMMISSIONER SILVESTRI: Thank you.

3 CHAIRMAN DALEY: Commissioner Gainer.

4 COMMISSIONER GAINER: Good morning, Zahra.

5 MS. ALI: Good morning.

6 COMMISSIONER GAINER: The budget estimates  
7 for the alcohol tax did not meet expectations in the  
8 past four or five revenue reports. I and others  
9 have inquired, and your response has been that this  
10 is under review. Where are we with the review?

11 MS. ALI: For the current, not the  
12 projections -- we have undertaken a look at all our  
13 distributors and suppliers who are registered with  
14 us. We have identified particular audits that we  
15 will be undertaking as well.

16 COMMISSIONER GAINER: Do you think the  
17 people are not paying the tax? Not being in  
18 compliance and not paying the tax are the same  
19 thing. Do you think people are not in compliance?

20 MS. ALI: No. Not the wholesalers and  
21 distributors. They may not be paying their fair  
22 share or not in accordance with the ordinance.

23 COMMISSIONER GAINER: So they wouldn't be  
24 in compliance with the ordinance?

1 MS. ALI: Yes, in compliance with the  
2 ordinance.

3 COMMISSIONER GAINER: Based on your earlier  
4 reviews, do you think that there are people who are  
5 not complying with the ordinance and that you are  
6 going to audit them?

7 MS. ALI: We are. They are in our fiscal  
8 year 2014 audit plan. We have some wholesalers and  
9 distributors that are already under way.

10 COMMISSIONER GAINER: Do you think that  
11 will make up the consistent shortfall?

12 MS. ALI: We believe so. That is why in  
13 2014 we have not increased our estimates. We  
14 believe that we would make up the revenue loss, and  
15 then hopefully with bringing the wholesalers and  
16 distributors in compliance, and in addition to our  
17 retail compliance, to ensure that all retail  
18 establishments in Cook County are buying their  
19 alcohol products from registered wholesalers and  
20 distributors, and not from out-of-state, out-of-  
21 County.

22 COMMISSIONER GAINER: Are you in  
23 collaboration with the City and other municipalities  
24 on the later effort with the retailers? Because

1 most of the retailers will exist in someone else's  
2 local jurisdiction. So in the same way that you  
3 have coordinated, for example, on cigarettes, are  
4 you in compliance with these local municipalities  
5 when you are doing a review of the retail  
6 establishments? Those local municipalities are also  
7 collecting the alcohol tax.

8 MS. ALI: Yes.

9 COMMISSIONER GAINER: When you go out to  
10 audit for cigarette taxes and stamps, you are in  
11 collaboration with the City. When they go out, they  
12 check for you; and when you go out, you check for  
13 them. When you go to check -- to your statement a  
14 minute ago -- with the retailers to make sure that  
15 they are buying from the right people, would you be  
16 open to collaborating with the City for the exact  
17 same thing?

18 MS. ALI: That is correct.

19 COMMISSIONER GAINER: You are doing it? Or  
20 you will be open to doing so?

21 MS. ALI: We are open and we are in dialog  
22 with the City of Chicago on that. And, actually, we  
23 are working with the State of Illinois Liquor  
24 Commission already on the sale of alcohol.



1 COMMISSIONER GAINER: On the enforcement?

2 MS. ALI: Alcohol compliance enforcement.

3 COMMISSIONER GAINER: The amusement tax.

4 What is the total amount received as of today, and  
5 received from Lollapalooza this year?

6 MS. ALI: Approximately \$320,000.

7 COMMISSIONER GAINER: The reason I asked  
8 earlier about the jobs is that we have received  
9 commitments that the Lollapalooza revenue was going  
10 to go towards these jobs. I will follow up with  
11 that when the proper time comes.

12 I don't know if I missed this  
13 discussion, but the nonretailer use tax. Was that  
14 overturned? Or is there an injunction by the Court?

15 MS. ALI: The nontitle.

16 COMMISSIONER GAINER: Nontitle -- whatever  
17 we are calling it. Do we have revenue budget for  
18 that in 2014?

19 MR. SAMSTEIN: The answer is "no",  
20 Commissioner. We did not budget for that in 2014.

21 COMMISSIONER GAINER: They received a  
22 summary judgment. We lost our case. Are we  
23 pursuing it? Or are we just kind of taking it as it  
24 is?

1           MR. SAMSTEIN: The intent of the County is  
2 to appeal to the Appellate Court. I will defer to  
3 counsel on the exact process. But, absolutely, the  
4 intent is to appeal.

5           If you look in the 2015, it is  
6 embedded in our forecast. The County does believe,  
7 on the advice of counsel, that there is a lot of  
8 merit in the argument. In 2015 and in future years,  
9 we are incorporating it into the forecast. But  
10 there is zero dollars budgeted in 2014 because there  
11 is obviously a court process that has to play out.

12           COMMISSIONER GAINER: Are you using the  
13 State's Attorney as our attorney or separate legal  
14 counsel?

15           MR. SAMSTEIN: The State's Attorney is our  
16 attorney, Commissioner.

17           COMMISSIONER GAINER: That is everything.  
18 Thank you.

19           CHAIRMAN DALEY: Commissioner Suffredin.

20           COMMISSIONER SUFFREDIN: Thank you, Mr.  
21 Chairman, and ladies and gentlemen of the Committee.

22           If I could follow up on what  
23 Commissioner Gainer was just asking you about -- I  
24 noticed on the non-titled use tax, we show that our

1 projected and actual collection is \$4,189,000.  
2 There was no protest fund set up in the court cases;  
3 is that correct?

4 MR. SAMSTEIN: There was a small minority  
5 of those dollars that were paid under protest, but  
6 you are correct. Currently there is no reason to  
7 anticipate that those need to segregated funds. Is  
8 that correct?

9 MS. ALI: That is correct.

10 COMMISSIONER SUFFREDIN: The difference  
11 between a person paying under protest is just a  
12 statement that they make. The court setting up a  
13 protest fund where the money is escrowed is  
14 different. There was no escrow funds in that.

15 Do we, though, somewhere prudently put  
16 aside \$4.1 million, in case we do lose and this case  
17 goes to the Supreme Court, that we might be asked to  
18 refund?

19 MR. SAMSTEIN: We have not set aside  
20 additional funds, Commissioner. I think, as you  
21 know, the court process will continue to play out.  
22 So based on our current standing, what was in the  
23 order as you alluded to, we have not anticipated a  
24 set-aside of separate funds so far.

1                   COMMISSIONER SUFFREDIN: Probably if we  
2     were into that position, our self-insurance fund  
3     would be the fund we would use to cover it. We  
4     probably have sufficient funds in that issue.

5                   On the gaming machine tax, we have a  
6     lawsuit pending on that, too. I notice that you  
7     show that our actual will be about \$1.2 million.  
8     How much have we collected to date? And, in those  
9     lawsuits, is there a protest fund or an escrow fund  
10    that has been created?

11                  MS. ALI: We have collected for the gaming  
12    machine tax, from the terminal operators,  
13    approximately \$203,000 to date. The payment that is  
14    in review, or under the courts right now, is that we  
15    have not received the payments for Rivers Casino.  
16    There has not been a protest account set up.

17                  COMMISSIONER SUFFREDIN: I am just looking  
18    at your revenue projections on page twenty-nine of  
19    the revenue estimates. It says that our projected  
20    actual for this current year is \$1.2 million. That  
21    is an inflated number. It shows that we are  
22    projecting \$1.35 million for next year. Based upon  
23    how the money is coming in, it is going to be a  
24    little slower than that?

1 MS. ALI: That is correct. Hopefully, in  
2 discussions with the State's Attorney's Office, we  
3 hope to be back in court and have a decision before  
4 the end of the year.

5 COMMISSIONER SUFFREDIN: The firearm tax we  
6 show on this document that we have actually  
7 collected -- we expect to collect this year  
8 \$501,000. Does that seem accurate to you?

9 MS ALI: That is correct.

10 COMMISSIONER SUFFREDIN: We increased that  
11 to \$750,000?

12 MS. ALI: That is for a full year  
13 collection.

14 COMMISSIONER SUFFREDIN: You have got an  
15 increase of about \$800,000 for postage. Can you  
16 explain to me how we use postage in the collection?  
17 Why is there that big of an increase? This would be  
18 on line 225/520260.

19 MS. ALI: It is a decrease.

20 COMMISSIONER SUFFREDIN: I'm sorry. It is  
21 a decrease of \$800,000. I meant to say decrease.  
22 How do we do that and still collect, if our normal  
23 way of notifying people initially is postage?

24 MS. ALI: In the fiscal year 2013, our

1     increase for postage was primarily for the non-  
2     titled use tax. Since we are not pursuing any  
3     enforcement or collection efforts, we have decreased  
4     it.

5             COMMISSIONER SUFFREDIN: So we have enough  
6     postage for the things we do need to give notice on,  
7     right?

8             MS. ALI: Definitely.

9             COMMISSIONER SUFFREDIN: Thank you.

10            CHAIRMAN DALEY: Any other questions?

11                    Commissioner Gorman.

12            COMMISSIONER GORMAN: How are you doing,  
13     "Z"?

14                    The use tax -- not the use tax, the  
15     one we just decreased, the one we just amended.

16            MS. ALI: Non-realtor.

17            COMMISSIONER GORMAN: Yes. Thank you. The  
18     non-realtor title tax. With that being amended,  
19     obviously there were concerns as to why we amended  
20     it. There were concerns with it, which is why we  
21     amended it.

22                    What is being done for the outstanding  
23     tax that was issued on those vehicles, that are no  
24     longer being collected, that actually fall under the

1 amendment? Is that going to be pursued?

2 MS. ALI: We will not be able to go back on  
3 the tax rate. The tax rate was forwarded from  
4 August 1. On any delinquent taxpayers who did not  
5 pay from March 1 of 2012 to August 1 of 2013, we are  
6 still pursuing, based on the old tax structure.

7 COMMISSIONER GORMAN: So there is a  
8 pursuit?

9 MS. ALI: That is correct.

10 COMMISSIONER GORMAN: What if the people  
11 just say, "No, no, we are not going to do it"?

12 MS. ALI: It will go towards our third-  
13 party debt collection and our local tax intercept  
14 program with the State of Illinois.

15 COMMISSIONER GORMAN: Thank you.

16 CHAIRMAN DALEY: Our next department.

17 MR. SAMSTEIN: Our next department,  
18 Commissioners, will be the Department of Risk  
19 Management. That will be Deanna Zalas. That is  
20 page thirty in the presentation.

21 MS. ZALAS: Good afternoon. Deanna Zalas  
22 with Risk Management.

23 We are responsible for the countywide  
24 administration of employee benefits, general

1 liability insurance coverage, safety/loss  
2 prevention, and workers' compensation programs.

3 In 2013 we did restructure and realign  
4 personnel, resulting in one additional headcount for  
5 2014.

6 In 2013 we were focused on aligning  
7 resources and managing the many processes within  
8 Risk Management. We standardized procedures  
9 regarding workers' compensation claims management.  
10 We instituted file review sessions, starting with  
11 the Office of the Sheriff, and we adopted a  
12 transitional return to work program for them under  
13 the Offices of the President.

14 We are in the process of finalizing  
15 the migration of general liability and medical  
16 malpractice claims data from a fifteen-year-old  
17 loaded system to a modern risk management  
18 information system. That will allow for improved  
19 reporting and access, not just for our staff, but  
20 also the Hospitals System and eventually the State's  
21 Attorney's Office as well.

22 We also adopted a strategic plan for  
23 the safety/loss prevention, and began outreach  
24 regarding training opportunities offered by a



1 division of Risk.

2 In 2014 we plan on improving the  
3 efforts of this past year. We will continue to  
4 build our HIPAA and Medicare Act compliance  
5 programs. We will continue to document policy and  
6 procedures related to both the benefits and the  
7 general liability division. We will continue our  
8 support of the collective bargaining process, as  
9 well as the ERP transition.

10 Also in 2014, our intent is to achieve  
11 health insurance and pharmaceutical savings, which  
12 will offset the over \$7 million projected in the  
13 Affordable Care Act fees and taxes.

14 By pushing and collaborating with our  
15 vendors, we were able to benefit from aggressive  
16 renewals with Blue Cross/Blue Shield, improve  
17 Caremark and Guardian Dental pricing, and new  
18 pharmacy programs related to lifestyle and specialty  
19 drug uses.

20 Finally, health benefit eligibility  
21 standards are being proposed which would require  
22 employees and officials who receive less than full-  
23 time County pay to pick up some of the full share of  
24 the health benefit. This will result in increased

1 access for some employees and more equitable  
2 contribution for others. This change will take  
3 place July 1, 2014, to allow individuals sufficient  
4 time to review their choices and allow us the  
5 sufficient time to communicate the impact to the  
6 individuals and their options.

7 Thank you.

8 CHAIRMAN DALEY: Commissioner Gainer.

9 COMMISSIONER GAINER: Hello, Deanna.

10 MS. ZALAS: Hello.

11 COMMISSIONER GAINER: What is the status of  
12 negotiating our Blue Cross/Blue Shield contract for  
13 this year? Has that been completed? And does that  
14 reflect the \$14 million in savings -- \$12 million in  
15 savings?

16 MS. ZALAS: Correct. The Blue Cross/Blue  
17 Shield, the healthcare savings alone was close to \$5  
18 million over their preliminary rate that they  
19 proposed in July, to what we were able to negotiate  
20 for the renewal that will go into effect 12/1.

21 COMMISSIONER GAINER: I am trying to get to  
22 the baseline of where we are. How much from the  
23 2013 budget to the 2014 budget, how much did we  
24 actually reduce our spending? What I heard before

1 is that we thought it was going to be higher. It  
2 wasn't that high so we are counting that as savings.  
3 What did we pay in 2013? What are we going to pay  
4 in 2014? And, thus, what are the savings?

5 MS. ZALAS: Certainly. The \$14.4 million  
6 that Andrea referenced earlier is related to savings  
7 over the preliminary budget. That was the  
8 expectation.

9 COMMISSIONER GAINER: That was the number  
10 that we put out there?

11 MS. ZALAS: Correct.

12 COMMISSIONER GAINER: We put a number out  
13 there, then it was lower, so we are counting that as  
14 savings?

15 MS. ZALAS: Part of the \$14.4 included the  
16 preliminary rates of Blue Cross/Blue Shield. There  
17 is real savings in the renewal process with Blue  
18 Cross that was reduced by five.

19 COMMISSIONER GAINER: Again, Deanna, what  
20 are we spending in 2013? What I consider a savings  
21 is what we didn't spend; not what we thought we  
22 might spend and then didn't

23 MS. GIBSON: If I can chime in here,  
24 Commissioner. For 2013 we had budgeted \$278.7

1 million in the Self-Insurance Fund. For 2014 it is  
2 budgeted at \$280.8 million. So there is an increase  
3 year over year.

4 Typically, you know, health benefits  
5 will increase seven or eight percent every year.  
6 Part of the information that we had at the  
7 preliminary budget indicated a larger increase. But  
8 we were successful in reducing that.

9 COMMISSIONER GAINER: The national health  
10 increase rates, as opposed to the last seven years,  
11 are lower or the lowest that they have been. What I  
12 am trying to get to is last year we spent \$278  
13 million. This year we are spending \$280 million.  
14 We are spending an additional \$2 million on  
15 healthcare?

16 MS. GIBSON: If by last year you mean 2013  
17 and this year 2014, yes.

18 COMMISSIONER GAINER: So last year in the  
19 2013 budget we spent \$278. In the 2014 budget we  
20 spent \$280. So we have a \$2 million increase in  
21 healthcare benefits?

22 MS. GIBSON: Correct.

23 COMMISSIONER GAINER: What are the actual  
24 savings that we are saving on healthcare? I

1 understand trend rates and all that good stuff. I  
2 appreciate all of the good negotiating that you guys  
3 did. I am trying to get to actually what these  
4 numbers are.

5 MR. SAMSTEIN: If I could, Commissioner. I  
6 would also point out that the increase is roughly \$2  
7 million. But that incorporates the \$7 million in  
8 new taxes and fees associated with the Affordable  
9 Care Act that are embedded. I would just point that  
10 out as well.

11 COMMISSIONER GAINER: How much was  
12 "Securus" and how much was the reinsurance?

13 MS. ZALAS: "Securus" was \$.1 million.

14 COMMISSIONER GAINER: So it is \$100,000?

15 MS. ZALAS: The traditional reinsurance is  
16 \$3.4. The health industry fee was \$3.6.

17 COMMISSIONER GAINER: Is the health  
18 industry fee the actual ACA? Or is that something  
19 that Blue Cross charged us?

20 MS. ZALAS: That is a charge to Blue Cross  
21 that is passed through to the employer.

22 COMMISSIONER GAINER: So our cost as an  
23 employer was \$3.5 million. Blue Cross passed on  
24 some of their costs at \$3.6.

1 MS. ZALAS: \$7.1 is what we are looking at.

2 COMMISSIONER GAINER: Last year we paid  
3 \$278. We had an additional outside expenditure,  
4 which we knew was coming, but outside of our control  
5 of \$7.1 and our new spend is \$280. So if there was  
6 any potential actual reduction in healthcare, it is  
7 about \$5 million?

8 MS. ZALAS: Yes.

9 COMMISSIONER GAINER: The difference  
10 between the \$5 million and the \$12 million that we  
11 are talking about saving is just because we pegged  
12 to the number higher; then it was lower. But those  
13 higher numbers were all of our doing?

14 MS. ZALAS: No. That is incorrect. The  
15 higher number also included the preliminary rates of  
16 Blue Cross and Blue Shield. So between their  
17 preliminary rates, which we received in July, to the  
18 final rates that are uploaded for the 12/1 planned  
19 year, there was about a \$3.5 million reduction.

20 Some of that was related to the  
21 Affordable Care Act, the reduction in the fees that  
22 Blue Cross estimated that they would be passing on  
23 to us.

24 COMMISSIONER GAINER: So that \$3.6 million

1 fee they thought was going to be higher?

2 MS. ZALAS: Correct. Then the other part  
3 was related to adherence to certain capitation rates  
4 that had been discussed as part of last year's HMO  
5 migration. Blue Cross failed to incorporate that in  
6 their early renewal offer in July.

7 COMMISSIONER GAINER: This wasn't  
8 necessarily savings to the plan. It was they  
9 misestimated, and then they also miscalculated on  
10 the capitation?

11 MS. ZALAS: That is a fair way to put it.

12 COMMISSIONER GAINER: We saved some money  
13 on healthcare. Of the \$5 million -- it is hard to  
14 say actually what that was since it was actually  
15 those other two things. Is there any substantive  
16 change? As you know, and Ivan as well, I have  
17 looked at this number a lot and I actually feel like  
18 ignoring this number as we talk about retirement,  
19 kind of squeeze half the retirement, because our  
20 healthcare costs per employee are incredibly high,  
21 as are a lot of the other municipalities. But they  
22 are much larger than the average large employer.

23 I understand all of the things that  
24 drive that. You didn't build that -- to quote

1     somebody -- I get it.

2                     We are here -- is there anything that  
3     you thought was really a substantive change that you  
4     thought was moving in the right direction, as far as  
5     the County's costs as an employer in providing  
6     healthcare?

7                     MS. ZALAS: Not related specifically to the  
8     healthcare. But on the pharmaceutical savings end  
9     of it, yes. We have a significant specialty drug  
10    usage in our pharmaceutical end. Caremark -- CVS is  
11    our provider. We have implemented certain programs  
12    that will allow us to have more detailed  
13    communication with the physicians who are dispensing  
14    specialty drugs.

15                    COMMISSIONER GAINER: What does that mean?  
16    Is it like cancer drugs?

17                    MS. ZALAS: In some cases, yes. Specialty  
18    drugs are broadly defined as biodrugs. Drugs that  
19    require additional care, shipping, and handling.  
20    They are often not dispensed from the average  
21    pharmacy. They require a mail order house.

22                    COMMISSIONER GAINER: People with serious  
23    illnesses --

24                    MS. ZALAS: With very serious illnesses,



1 and they are very costly drugs.

2 COMMISSIONER GAINER: We are not talking  
3 about not providing them. I am just trying to  
4 understand better what is involved.

5 MS. ZALAS: Right.

6 COMMISSIONER GAINER: You keep referring to  
7 "lifestyle drugs". What is that?

8 MS. ZALAS: Lifestyle drugs is again  
9 another imprecise category. We currently have  
10 certain preauthorization limits for other lifestyle  
11 drugs -- acne medication, for instance, weight loss  
12 medication. What we are adding into the requirement  
13 is that there is preauthorization, meaning that the  
14 physician would have medical documentation with the  
15 pharmacy indicating why these drugs are being used.  
16 It would be categories such as erectile dysfunction  
17 and "nandrolone" drugs, which is a considerable  
18 spend category for us as well.

19 COMMISSIONER GAINER: Is that testosterone?

20 MS. ZALAS: Yes.

21 COMMISSIONER GAINER: So you feel  
22 comfortable that we have actually achieved some  
23 savings on real things. What are your aspirations  
24 for next year? If you really thought kind of

1 goalwise, looking at where you would like to be in a  
2 year, to really whether it impacted population  
3 health or whether it is savings; what are the things  
4 that you look for when you think about negotiating  
5 with the County's healthcare benefits, or designing  
6 them, I should say. Not so focused on costs. Where  
7 would we like to be as an employer?

8 MS. ZALAS: I think two things I would say.  
9 As you know, we have a very highly unionized  
10 workforce. It is beholden on us to work closely  
11 with the Labor Relations team as any discussions  
12 take place regarding employee health benefits; that  
13 those are plans that we can administer in an  
14 efficient way. If it works in the current program  
15 that are difficult for us to administer, we would  
16 like to get those out of there.

17 COMMISSIONER GAINER: Like what?

18 MS. ZALAS: For instance, the method by  
19 which opt-out payments are provided to individual  
20 employees.

21 COMMISSIONER GAINER: If you opt out, like  
22 I am not taking any of the insurance so I am getting  
23 subsidized or paid?

24 MS. ZALAS: It is a very small segment of

1     our overall population, but it is a very  
2     administratively burdensome process for all of the  
3     players involved. Something like that is something  
4     we have discussed with the Labor Relations team. In  
5     addition to the entire plan design, what that should  
6     be looking like.

7                     In terms of what else we can do  
8     impacting the current state of affairs -- we did  
9     bring on someone to focus primarily on wellness  
10    initiatives.

11                    COMMISSIONER GAINER: I was going to  
12    wonder, I kind of heard you mention that. What are  
13    we thinking in regards to wellness?

14                    MS. ZALAS: Again, there is a piece that  
15    relates to our labor negotiations team.

16                    COMMISSIONER GAINER: I know -- back up.  
17    What do you want to do? If you could actually  
18    aspirationally propose where you would like to bring  
19    this workforce, when you think about healthcare  
20    benefits, what are you thinking? This is what you  
21    do every day. So what do you want to do?

22                    MR. SAMSTEIN: Deanna and her team, all of  
23    us in the Bureau of Finance, Andrea -- we work  
24    collaboratively with Labor Relations and the Bureau

1 of Human Resources, as she indicated.

2 I think for us to be -- ultimately,  
3 whatever is the plan offering is a function of  
4 collective bargaining, as you know. We have ninety-  
5 five separate collective bargaining agreements. I  
6 think from our perspective this is clearly a topic.  
7 It is an ongoing topic as it relates to collective  
8 bargaining. I think our goal is to continue to work  
9 closely as a succinct team with the Bureau of Human  
10 Resources and Labor Relations so that Deanna and her  
11 expertise on healthcare can clearly be part of this  
12 discussion, as we continue to work towards what  
13 ultimately they are able to achieve at the  
14 bargaining table.

15 COMMISSIONER GAINER: I get that. We all  
16 live within constraints of the possible. What I  
17 kind of would be curious about -- you don't have to  
18 answer it now, but I would actually like to know if  
19 we could set a bigger vision. I understand all of  
20 the concerns, Ivan, in the world that we are living  
21 in. This is probably the most transformational time  
22 in healthcare in this country since post-World War  
23 II employee benefits were created.

24 The entire landscape is changing. Are

1 we even entertaining issues like all of the private  
2 healthcare exchanges that are out there? There are  
3 six different versions of it now. They are for  
4 large employers, small employers. Those are things  
5 that could really change what we are doing.

6 To be honest, one of the most  
7 innovative healthcare for employees is actually the  
8 plan that the AFSCME workers have for the workers of  
9 the union -- not the rank-and-file, but the actual  
10 staff of the union. Hank Schepf, who I know, Ivan,  
11 that you know well. He and I have had many  
12 conversations. I said, "If you would just allow the  
13 County to actually implement the healthcare plan  
14 that you guys have for your own staff, it would be  
15 amazing."

16 I would like to challenge you to kind  
17 of give me your thoughts on that. I guess there is  
18 one hundred reasons why it is complicated. That  
19 doesn't mean that you shouldn't be having some  
20 aspirational vision of how we want to move us  
21 forward, both with wellness, population health, as  
22 well as the cost savings.

23 MR. SAMSTEIN: Commissioner, we absolutely  
24 agree with your points. Because it is a subject of

1 collective bargaining, I think what we can do is we  
2 can circle back with the Bureau of Human Resources  
3 and follow up with you.

4 COMMISSIONER GAINER: They are coming  
5 tomorrow. One of the things I will ask for is a  
6 really detailed analysis of the discussions, those  
7 discussions there. But I do really want to push you  
8 guys to think about this a little bit bigger.

9 CHAIRMAN DALEY: Commissioner Suffredin.

10 COMMISSIONER SUFFREDIN: Thank you, Mr.  
11 Chairman, and ladies and gentlemen of the Board.

12 I want to ask you a couple of  
13 questions. Do you know where we are in the lawsuit  
14 that we brought against the carrier who did not  
15 cover us on our large exposure?

16 MS. ZALAS: I am generally aware that that  
17 is in deliberations at this point. I don't have an  
18 exact answer. I can get back to you though.

19 COMMISSIONER SUFFREDIN: What steps have we  
20 taken? When I look at your STAR performance  
21 indicators and things, I don't see anything that  
22 deals with the review of our general liability and  
23 all other insurance policies that we have. The  
24 things that are probably found more on the self-

1 insurance page C-45.

2 What are we doing to ensure that we  
3 don't end up in the situation that the City of  
4 Chicago found itself in with the same insurance  
5 broker, insurance company, just three weeks ago?  
6 And that the policies that we have are being  
7 reviewed by outside brokers or consultants? How do  
8 we ensure that we know what we have?

9 MS. ZALAS: We do have a competitive  
10 procurement process for our insurance brokerage, as  
11 you are aware. We have been with Mesirow now for  
12 two years. That agreement comes before this Body on  
13 a regular basis. Part of their responsibilities are  
14 to review the policies they procure on our behalf  
15 and they price on our behalf.

16 COMMISSIONER SUFFREDIN: You feel  
17 comfortable that they are on top of the issue, and  
18 that you are on top of it?

19 MS. ZALAS: Yes.

20 COMMISSIONER SUFFREDIN: We would never  
21 have a situation like Metra found itself in, where  
22 they owned a policy and didn't activate it because  
23 they didn't know they had it?

24 MS. ZALAS: I would hope not to be in the

1 situation that Metra found itself in.

2 COMMISSIONER SUFFREDIN: Doctor Raju has  
3 talked about the possibility of creating an  
4 insurance health benefit that would be part of what  
5 Cook County would offer. It would be a form of an  
6 HMO policy that would go on the exchange. Have you  
7 been working with him in the development of this?  
8 Because one of the prime potential users, I would  
9 think, would be the 4000 employees that are in his  
10 department who may want to get their healthcare at  
11 the place they work, as often happens in other  
12 hospital settings.

13 Do you have any idea what potential  
14 savings we could have, if that were an offered  
15 health benefit for those workers who work in those  
16 locations?

17 MS. ZALAS: We did have a conversation, a  
18 couple of conversations with Doctor Raju over the  
19 summer in working with the labor negotiations team  
20 on what the benefit proposal would be. Certainly  
21 the movement of the Health and Hospitals System to a  
22 standalone HMO is still a work in progress, and  
23 there is not a definitive time frame for that.

24 My expectation would be as that



1 process moves along we would need to have additional  
2 conversations about where it would fit into our  
3 offering -- whether they were licensed, whether they  
4 were authorized under our carrier, and that sort of  
5 thing.

6 COMMISSIONER SUFFREDIN: Keep us posted on  
7 that. I think it has some potential if he is able  
8 to put that together, both in bringing patients into  
9 our system, which would be essential, but also a  
10 potential of capturing some of our own employees at  
11 a discounted rate because of the way we could  
12 provide the care.

13 I think that is all I have got. Thank  
14 you.

15 CHAIRMAN DALEY: Any other questions?

16 Thank you.

17 We will go to Budget and Management  
18 Services.

19 MS. GIBSON: Good morning. Andrea Gibson,  
20 Budget Director.

21 I will be brief. I hopefully won't  
22 repeat myself.

23 The Budget Office has a number of  
24 accomplishments we would like to talk about for

1 2013. One is we received the GFOA award for the  
2 2013 budget. They have given us some feedback, and  
3 we are going to continue to incorporate that to  
4 improve the document.

5 I have mentioned this already, but we  
6 do have a goal of increasing our grant funding. I  
7 think a lot of the comments earlier are well-  
8 advised, that we are strategic about it. I think  
9 there are resources that can be brought into the  
10 County that we currently are not accessing, as well  
11 as some of the other counties.

12 In terms of 2014, we continue to try  
13 to improve upon our budget process. We place a  
14 premium on timing this and being transparent about  
15 the stages in the process and working with all of  
16 our partners to get that done.

17 I guess I would open it up for  
18 questions, for the Budget Office specifically.

19 CHAIRMAN DALEY: Are there any questions?

20 Commissioner Gainer.

21 COMMISSIONER GAINER: What is the \$29  
22 million in "other revenues"? Is this the bucket for  
23 that? Is that for the budget entertainment fund?

24 CHAIRMAN DALEY: Yes. The party fund.

1 MS. GIBSON: There is a variety of  
2 miscellaneous revenues that don't fall neatly into  
3 one of the other categories of Home Rule taxes.  
4 They may be -- we have some energy rebates that we  
5 received based on some of the new equipment that are  
6 installing, as a County, not the Budget Office,  
7 obviously.

8 COMMISSIONER GAINER: Why wouldn't those be  
9 in Facilities so we can capture that? If it is  
10 about retrofits and things like that --

11 MS. GIBSON: This is miscellaneous revenue  
12 that comes into the General Fund. It doesn't come  
13 into the Budget Office. It does help pay for  
14 Facilities.

15 COMMISSIONER GAINER: I guess my question  
16 is: Why wouldn't it be in the budget of Facilities?  
17 Because if they are responsible for energy and  
18 retrofit, and there are savings to be garnered from  
19 those things, we receive the money -- as you know, I  
20 couldn't possibly be less of a fan of the contracts  
21 where we were promised savings, and then we get at  
22 some other point -- but not having it in the  
23 department that is responsible for it makes it even  
24 harder to track.

1 MS. GIBSON: I can respond to that. The  
2 expenditures related to implementing the energy  
3 efficient equipment is within the capital  
4 improvement budget. In Capital Planning, there are  
5 some expenditures and in Facilities as well.

6 COMMISSIONER GAINER: I am not tied to  
7 Facilities. My point is -- if we have an expense,  
8 then there is also revenue generated from that  
9 expense, why wouldn't it be in the same place?

10 MS. GIBSON: Because we have expenditures.  
11 The expenditure budget is separated from the revenue  
12 budget. We have all of the revenues listed together  
13 that support the General Fund. The expense that  
14 Capital Planning or Facilities, the expenses come  
15 from the General Fund. There are revenues that  
16 support that. We don't reflect revenues by  
17 individual departments.

18 I am not sure if I am following you.

19 COMMISSIONER GAINER: I will ask Shannon,  
20 then, when it comes to Procurement. I am tracking  
21 these promises made, and whether or not the revenues  
22 were achieved. That's fine. That is the answer.

23 CHAIRMAN DALEY: Commissioner Fritchey.

24 COMMISSIONER FRITCHEY: Andrea, there is

1 something I am trying to understand conceptually.  
2 Throughout the budget, one of the mechanisms that is  
3 used I guess maybe to justify or equalize certain  
4 departmental budgets would be an appropriation  
5 transfer for reimbursement. I can understand that.

6 Let's say Facilities does something  
7 for a certain department, and then it gets  
8 reimbursed through an appropriation transfer; is  
9 that right?

10 MS. GIBSON: It can be done through a  
11 chargeback; yes.

12 COMMISSIONER FRITCHEY: In the President's  
13 Office, they have doubled the amount of  
14 appropriation transfers for reimbursement from  
15 designated funds from \$90,000 to just under  
16 \$180,000. What is a reimbursement to the President?

17 I don't mean this facetiously. What  
18 services do the President's Office provide that  
19 merit a reimbursement to the office? Is that just  
20 simply a way of moving numbers around?

21 MS. GIBSON: When reimbursement has the  
22 most impact is when it is a transfer from one  
23 funding source to another. An example of that is  
24 the President's Office. That is work that is

1 completed on behalf of the Forest Preserves, for  
2 example. They reimburse, in terms of the  
3 legislative support, legislative affairs that they  
4 perform on behalf of the Forest Preserves.

5 So there is a reimbursement from that  
6 source of funds to the President's Office.

7 COMMISSIONER FRITCHEY: How do you decide  
8 -- are you fractionally then assigning ten percent  
9 of this position to the Forest Preserves? Eight  
10 percent of this position to Revenue? Five percent  
11 to Risk Management? Again, I am truly trying to  
12 understand how this works.

13 MS. GIBSON: Actually, with the Forest  
14 Preserves in particular, we sit down with them every  
15 year to review the reimbursement and validate them.  
16 For example, Matt is another entity, the Secretary  
17 to the Board of Commissioners, that receives a  
18 reimbursement for facilitating the meetings. The  
19 request is how much time is spent. How do we  
20 evaluate that?

21 I know that when the reimbursement  
22 began several years ago from the Forest Preserves,  
23 the Forest Preserves was able to eliminate a  
24 position.

1                   COMMISSIONER FRITCHEY: The Forest  
2 Preserves is somewhat of a unique animal. Last year  
3 it was \$90,000 even. This year it is \$178,439.

4                   MS. GIBSON: There are several  
5 reimbursements in that.

6                   COMMISSIONER FRITCHEY: Let's assume there  
7 are several reimbursements. \$90,000 even almost  
8 makes more sense. How do these reimbursements get  
9 broken down to a dollar, where you have got  
10 \$178,439? Is there a backup that says -- here is  
11 how we got to this number.

12                  MS. GIBSON: Yes, yes. We can provide  
13 backup for any of those.

14                  COMMISSIONER FRITCHEY: Again, this is more  
15 out of confusion than anything else. What would  
16 that consist of? You gave me the Forest Preserves  
17 as an example.

18                  MS. GIBSON: If there is funding from the  
19 Special Purpose Fund, that comes in as somebody who  
20 is working. On the General Fund there is some  
21 activity, maybe twenty percent of their time or  
22 something. That is attributed to a function that  
23 can be covered under the Special Purpose Fund. That  
24 is another example.

1                   Economic Development also has some  
2   reimbursements from grants that come into the  
3   General Fund. It is the whole person. You can't  
4   split a person.

5                   COMMISSIONER FRITCHEY: Let me ask this. I  
6   really don't mean it with any kind of value-weighted  
7   opinion. It is a pretty conveniently ambiguous way  
8   to move the money around, whether you want to assign  
9   fifteen percent of this person or eighteen percent  
10  of that person. I mean, it is obviously subjective.

11                  MS. GIBSON: We have a basis for it. We  
12  view it as something we look at every year to see if  
13  we think it is valid. Certainly in the case -- I  
14  will go back to the Forest Preserves, they certainly  
15  don't want to be spending more than what they think  
16  is appropriate. We review it kind of on both sides  
17  of the equation.

18                  COMMISSIONER FRITCHEY: So what changed  
19  then that doubled the reimbursement from the  
20  President's Office from last year to this year?

21                  MS. GIBSON: There is an additional  
22  reimbursement from the Health System for a health  
23  policy person within the President's Office.

24                  COMMISSIONER FRITCHEY: What position would



1     that be?

2                 MS. GIBSON: I forget the exact title. I  
3     can get that to you.

4                 COMMISSIONER FRITCHEY: Seriously, I guess  
5     the follow-up question of that would be: Why  
6     wouldn't that person just be in the Health System?

7                 MS. GIBSON: This is somebody within the  
8     President's Office. He is dedicated to Health  
9     System's functions and issues, but within the  
10    President's Office.

11                COMMISSIONER FRITCHEY: Is that an existing  
12    position?

13                MS. GIBSON: It is an existing position.  
14    It is Jennifer Ebie.

15                COMMISSIONER FRITCHEY: Again, I am not  
16    trying to single anybody out. I am still one of the  
17    newer guys here, but after three years I still don't  
18    understand how some of these things are allotted.  
19    Maybe I shouldn't have you educate me on everybody  
20    else's time. I am just trying to understand.

21                         I am going to guess that I am probably  
22    not alone in understanding how the reimbursement  
23    funds work.

24                MS. GIBSON: We will be happy to get you

1 more information about the specific ones that you  
2 have questions on.

3 COMMISSIONER FRITCHEY: That answers that  
4 part of it right now. Thank you.

5 Thank you, Mr. Chairman.

6 CHAIRMAN DALEY: Any other questions?

7 If not, we will go to the next  
8 department, the Comptroller.

9 MR. SAMSTEIN: Commissioners, Lawrence  
10 Wilson is our Comptroller. His slides are on page  
11 forty-one.

12 MR. WILSON: Good morning. Lawrence  
13 Wilson, County Comptroller.

14 As you see, and as you know, the  
15 Comptroller's Office has three primary functions.  
16 One is to provide timely and accurate financial  
17 information which means that we maintain the  
18 accounting records, general ledger, provide  
19 financial reporting, and are responsible for annual  
20 audits which we refer to as the "comprehensive  
21 annual financial report" or "CAFR".

22 Our other very important functions are  
23 to maintain the payroll system, to pay employees  
24 timely, and also to pay vendors through the accounts

1 payable system.

2                   The fiscal year budget includes a  
3 small increase in headcount of four individuals.  
4 That increase is primarily for the goal of improving  
5 our efficiencies in our general ledger financial  
6 reporting process, and also in payroll.

7                   It is also in direct response to one  
8 of our audit findings that cites a lack of  
9 professional staff in the financial reporting area.

10                  Going on to our fiscal year 2013  
11 accomplishments -- I won't read all of them to you.  
12 Obviously I will answer any questions. We issued  
13 the fiscal year '12 CAFR in our A-133 single audit  
14 report within six months of year-end. We are  
15 continuing to complete the revenue report within  
16 seven days of receiving department information. We  
17 are exceeding our goal of ten days.

18                  On the payroll side, we are continuing  
19 to supplement and support the upgrade of the payroll  
20 system, and also the implementation of a new time  
21 and attendance system.

22                  In the accounts payable area, we  
23 implemented an ACH quick payment system to pay  
24 vendors more quickly and to generate discounts for

1 payments made in twenty days. We have also drafted  
2 written policies and procedures, and it supported  
3 the first phase of our countywide risk assessment  
4 program.

5 For 2014, our primary goals are to  
6 implement an e-payable solution to increase the  
7 efficiency of vendor payments and to generate  
8 additional revenue.

9 In the area of financial reporting, we  
10 hope to plan and eliminate audit findings for the  
11 lack of a risk assessment program, and for a lack of  
12 written financial policies and procedures. We also  
13 plan to apply for the GFOA certificate of  
14 achievement in financial reporting, the certificate  
15 of achievement in financial reporting.

16 Let me stop there and ask if there are  
17 any questions.

18 CHAIRMAN DALEY: Vice Chair Sims.

19 COMMISSIONER SIMS: Thank you.

20 You have touched on something I was  
21 going to ask about; that is our payroll system. How  
22 far along are we with the new system?

23 MR. WILSON: We are working on the Denovo  
24 upgrade to a new and better system. I will defer

1 the exacts on the timetable to the ERP system that  
2 is going to come up. I would say that we are  
3 working with two solutions. We are working to  
4 support the upgrade, the process improvement, and  
5 the changes in testing. We are also working with  
6 the Bureau of Technology on another plan, which has  
7 occurred, and it provides a patch to the existing  
8 system that is also on target for completion this  
9 year so that we will have a reliable payroll system.

10 CHAIRMAN DALEY: Commissioners, account  
11 number 029, the ERP system, will be up. This is two  
12 items before that. There are two more departments  
13 to be heard.

14 COMMISSIONER SIMS: So we have to flip and  
15 run over to the new one. I know about the patch to  
16 the old system. We are still working to patch the  
17 old system so we can switch over to the new system.  
18 Do we have a date that we will switch over?

19 MR. SAMSTEIN: Yes, Commissioner. Prasad  
20 Nettem will outline that. But a quick answer to  
21 your question -- we felt payroll is too important  
22 not to have two solutions. We are working to ensure  
23 that there was no risk of interruption,  
24 Commissioner.

1                   Our intent is to implement the  
2   upgraded payroll system by the end of the year. The  
3   next few weeks will be very critical in that  
4   development. That is exactly why Lawrence and his  
5   team has been working with the ERP team and the  
6   Bureau of Technology on the second solution, which  
7   is targeted to provide a temporary solution into  
8   next year. That would go live on November 5.

9                   Then our intent is to upgrade the old  
10  system by the end of the year, so we have the  
11  redundancy in place.

12                  We expect the outcome to be in the  
13  next several weeks.

14                  COMMISSIONER SIMS: I have another  
15  question. I know several years ago -- I have been  
16  asked this question. There was a time where at  
17  twelve o'clock our payroll checks, for those who had  
18  direct deposit, at twelve o'clock at night -- we get  
19  paid on Friday. Twelve o'clock on Thursday, which  
20  will be Friday, the next day. But at twelve o'clock  
21  a.m. your check would be in your account already.  
22  Now it doesn't hit until sometimes 8:30 the next  
23  morning. Is there a reason why it doesn't hit at  
24  twelve o'clock any more? Now it is at 8:00, 8:30 in

1 the morning, Friday morning.

2 MR. WILSON: That is primarily on the  
3 bank's side. We are continuing to fund the payroll  
4 in the same way by providing an ACH transfer so that  
5 they take those funds out of our account and  
6 distribute them according to the distribution list  
7 of employees in their bank accounts.

8 COMMISSIONER SIMS: So it is the bank that  
9 used to do it at twelve o'clock. When are they  
10 legally supposed to take it? Are they supposed to  
11 wait until that next day? Are they putting it in  
12 your account at twelve o'clock a.m. as opposed to  
13 8:30 a.m.? Was that the bank's decision? Or was  
14 that a County decision?

15 MR. WILSON: That is a bank decision. That  
16 is not a County decision.

17 COMMISSIONER SIMS: That was just -- when  
18 they were doing it at 12:00 a.m., that was just a  
19 service that they were providing to the employees.

20 MR. WILSON: I can't confirm why their  
21 timing occurred. I believe it is related to the  
22 time in which they are running their processes.

23 COMMISSIONER SIMS: That could be, because  
24 when they were trying to get all of the employees,

1 the credit union ones, and some of the people were  
2 still banking at the Bank of America. I know that  
3 was the reason why a lot of people they moved over  
4 to the credit union, and once they got us to change  
5 it.

6 MR. WILSON: That could be. I don't know.

7 COMMISSIONER SIMS: Maybe we need to ask  
8 them a question, I guess.

9 CHAIRMAN DALEY: Commissioner Collins.

10 COMMISSIONER COLLINS: Thank you.

11 I just have a few quick questions for  
12 you. I may put something in writing later.

13 I am encouraged about you indicating  
14 that you were able to get the payout to the vendors  
15 and to the people earlier. You had a certain number  
16 of days and you reduced the number after you get the  
17 requisition to pay, to write the check. So you are  
18 doing it, and you are expediting it in a shorter  
19 period of time than before?

20 MR. WILSON: Yes, we are. Thank you very  
21 much. On average, we are paying vendors in thirty-  
22 one days is the average. Our range depends on when  
23 we receive information, but we continue to be in  
24 compliance with the local government Prompt Payment



1 Act which requires that we pay within sixty days.  
2 So, yes, we have been consistently exceeding that  
3 governmental statutory requirement, striving to  
4 reduce our payment time even further.

5 COMMISSIONER COLLINS: Is that State law or  
6 our law?

7 MR. WILSON: That is State law.

8 COMMISSIONER COLLINS: The State doesn't  
9 pay their bills in a year, I guess. People are not  
10 receiving their checks and they are confused, too.  
11 It takes a lot of time to sit out there in the  
12 District office and explain to the people that we  
13 are not the ones that are holding up your money.  
14 Your money comes from the State. They don't care.  
15 They are hurting and threatening to be closed.

16 The other thing, as it relates to  
17 County Government, the time-consuming element -- we  
18 are sitting here and saying, "Yeah, yeah, yeah." It  
19 is the process that validates the fact that these  
20 are legitimate requisitions and they have been  
21 proven to have done the work as they state they have  
22 done, especially to our vendors.

23 That is what is so important. It  
24 often gets jammed down, and it often gets held up on

1 people's desks. I would hope that through the  
2 upgrades in technology, not only can those people  
3 who are doing the vetting of everything that comes  
4 in, that you can look in the computer and make sure  
5 that everything is in before you cut the check, and  
6 be able to move that process back. When we say you  
7 are doing this in seven days, and it is going out,  
8 people are saying, "No, you are not."

9                   The point is we have to be very  
10 careful when you say that it is based on when you  
11 get the accurate information. I don't blame you. I  
12 would cut no checks unless everything, every "I" has  
13 been dotted, and every "T" crossed. Then I would  
14 hope that the upgrade in your technology -- you keep  
15 talking about the billions of dollars, hundreds of  
16 millions now that have been spent on technology, and  
17 it is still not working well. But you are doing it  
18 on your side is all you can do. You kind of keep  
19 on.

20                   The other part to that is, in the name  
21 of transparency, we are not able to go into the  
22 system and pull down certain checks to certain  
23 vendors or even to individuals as we used to be able  
24 to do. We had a Commissioner here that went too far

1 and had the personal information in the system where  
2 you could be exposed to some other things. We don't  
3 want to do that. But we as Commissioners sometimes  
4 want to know, sometimes I want to see payouts for  
5 certain things. I was told, my staff was told that  
6 certain things that you are going to fix, that you  
7 can't pull it out and certain things that you can.

8 Prior to your coming on, about a year  
9 ago, we went in and sat down with the Comptroller.  
10 They showed us the kinds of things that we were able  
11 to pull up and the things that we were not. We  
12 never really found out why.

13 So, can you look at that? There  
14 should be nothing that a Board member, without going  
15 through the waiting period, the request for  
16 information, to get information on any payout that  
17 we may have a concern about. Because we do vote,  
18 and sometimes I know I vote -- we just go along  
19 walking with the crowd and say, "Okay. There is  
20 nothing we can do to stop this from moving forward."  
21 But it bothers me. It's on my conscience and I have  
22 to check this out. And sometimes we can pull it out  
23 or we cannot pull it out.

24 MR. WILSON: Thank you, Commissioner. We

1 work with the Bureau of Technology to publish our  
2 check register on the CC-Net. I will confer with  
3 the Bureau of Technology and review the process, and  
4 will be very happy to report back.

5 COMMISSIONER COLLINS: Is there any  
6 category of checks that you write that is excluded  
7 from the system? It is protected totally by the  
8 privacy that none of us can get? Should there be,  
9 and I don't think it should be.

10 MR. WILSON: No.

11 COMMISSIONER COLLINS: Thank you.

12 MR. WILSON: You're welcome.

13 CHAIRMAN DALEY: Please add Commissioner  
14 Goslin to the roll call.

15 Our next is the Chief Financial  
16 Officer.

17 MR. SAMSTEIN: Thank you, Mr. Chairman.

18 Slide fourteen indicates the Office of  
19 the Chief Financial Officer. As you probably are  
20 aware, our mission statement is relating to the  
21 focus on fiscal affairs of the County, the public  
22 finance practices, with an eye towards the County's  
23 long-term fiscal stability. We use quantitative  
24 experts in our office to help facilitate and support

1 the departments that you see in front of you in the  
2 Bureau of Finance.

3 In terms of our accomplishments in  
4 2013, I will focus on several. One specifically is  
5 our cash flow forecast model. We developed that  
6 this year. We make sure that we continue to have a  
7 very strong handle on our liquidity and cash  
8 balances at all times.

9 I would also like to highlight the  
10 qualified energy conservation bonds. I want to  
11 thank the Board for their support in improving that  
12 measure. That was roughly \$25 million in bonds that  
13 we sold this summer. That transaction was a very  
14 significant Federal subsidy that ultimately resulted  
15 in the cost funding to the County of less than one  
16 percent.

17 The last point that I would like to  
18 make, which has already been alluded to, which is  
19 our constant effort on investor relations. We have  
20 been working with the capital markets, the bond  
21 rating agencies, and investors and lenders to the  
22 County. I think we touched on that and our  
23 relationships with the bond rating agencies earlier.

24 On our 2014 highlights, the primary

1 initiatives are listed for you. I will go through a  
2 few of those. The first one is the systemic  
3 performance evaluations for the Bureau of Finance,  
4 something that we will be implementing in 2014. We  
5 are also continuing to refine the cash flow model  
6 and analysis, and continue to have a very strong  
7 handle on the County's cash flow models in the year  
8 ahead.

9 The final point, which was alluded to  
10 earlier during some of the questioning about the  
11 interim capital funding vehicle that we are looking  
12 at.

13 Those, Commissioners, are a review of  
14 some of the primary highlights in 2013 and 2014.

15 CHAIRMAN DALEY: Any questions?

16 If not, we will go to Contract  
17 Compliance. We outlined the departments earlier.  
18 We are going with what is in front of you.

19 MR. SAMSTEIN: Contract Compliance is on  
20 page forty-seven. Jacqueline Gomez is the Director  
21 of Contract Compliance.

22 MS. GOMEZ: Hello. Good morning. I am  
23 Jacqueline Gomez, from the Office of Contract  
24 Compliance. I am pleased to present our highlights.

1                   As you know, the Office of Contract  
2 Compliance has two primary functions. The first one  
3 is that we certify minority- and women-owned  
4 businesses. The second is that we ensure that our  
5 vendors comply with the MBE/WBE participation  
6 commitment.

7                   With respect to positions, we are up  
8 by one position for FY14. That position will be  
9 fully dedicated to the Health and Hospitals System,  
10 working on reviewing contracts, bids, pre- and post-  
11 awards. It will also be fully funded by Health and  
12 Hospitals System.

13                  The next line talks about our  
14 accomplishments for FY13. It provides our annual  
15 diversity report for FY12. It was noted that we  
16 exceeded our M/WBE participation commitments and we  
17 achieved approximately thirty-six percent.

18                  We also launched our reciprocal  
19 certification program. That was a City-County  
20 initiative. This truly was a service improvement.  
21 This benefited our M/WBE vendors. It was launched  
22 earlier this year.

23                  It really lessened the burden  
24 financially and administratively to our minority-

1 and women-owned businesses. They don't have to pay  
2 two application fees. They only pay once. They  
3 don't have to fill out an application with both  
4 agencies, just one. Essentially, their  
5 certification by either certified agency is  
6 recognized by either one of us. So that truly was a  
7 service improvement to our small business community.

8               Next, the first two are primarily our  
9 highlights for FY2014. I am excited about our new  
10 certification and compliance management system.  
11 Essentially, the contractors will now have access to  
12 payment information that was paid to the primes so  
13 they can know when they were paid or when they  
14 should expect payment.

15               The other primary function that is  
16 important for our department is that it will improve  
17 our ability to effectively monitor the contracts.  
18 Because not only will small businesses be able to  
19 either confirm or reject what the vendor is stating  
20 that was paid to the prime; they will also be able  
21 to confirm how that subcontractor was paid, the  
22 amount. That is greater effective monitoring on  
23 their contracts.

24               The next one that we are excited about



1 is the completion of the disparity study. It is a  
2 comprehensive analysis that will be based on several  
3 factors, including the County's procurement history,  
4 the availability of MBE/WBEs, and census figures.  
5 That is going to be a report that we are looking  
6 forward to receiving and being able to impact our  
7 diversity program.

8 Lastly is our performance data.

9 CHAIRMAN DALEY: Commissioner Collins.

10 COMMISSIONER COLLINS: On the contract  
11 compliance -- you only are interested, or your major  
12 focus is on WBE and MBE, that kind of compliance.  
13 The reason I am asking the question is because in  
14 the past the contract compliance also included going  
15 out to the various construction sites. I know they  
16 did a lot of it in the Hospital.

17 They look at the punch sheets. They  
18 put on their hard hats. You had people there that  
19 were part of that. They would look to see whether  
20 or not the contractors -- because they get paid.  
21 They get payouts. They had designated periods of  
22 time in which to do things in order to get paid a  
23 certain amount of money; have they actually  
24 successfully completed the things that were on the

1 punch sheet.

2 Do you do any of that now? Do you do  
3 that in Contract Compliance or do you have another  
4 division that is actually seeing if the work is done  
5 properly; they are actually following, keeping it  
6 up, and doing the things that are on the punch  
7 sheets, as they finish an area?

8 MS. GOMEZ: I am actually glad that you are  
9 bringing that up. With our new system, we are  
10 actually going to be onsite, on the construction  
11 sites. Part of the feature of this system is that  
12 we will be able to enter that information on the  
13 database online, and track what contractors are out  
14 there. We are going to be able to compare that to  
15 what they stated who was going to be on the site.

16 So, yes, to answer your question, we  
17 will be beginning to go on site visits.

18 COMMISSIONER COLLINS: This will be good if  
19 it is in your computer, because it will also help us  
20 as it relates to the quality of the work, especially  
21 when we are dealing with the building, the whole  
22 capital project. Because the use of interior  
23 materials, they did a lot of that in the Hospital.  
24 Things were told to be changed and none were

1 changed.

2                   They were doing the same things over  
3 and over again. That is a major piece to save money  
4 and to make sure you get the quality.

5                   MR. SAMSTEIN: Commissioner, that's a great  
6 point, but I do want to make a point of  
7 clarification. The Office of Contract Compliance,  
8 as Jackie has alluded to, is doing site visits and  
9 they are predominantly focused on the vendors  
10 meeting their goals with the MBE/WBE utilization  
11 plans. The quality of construction or the work, or  
12 verifying that, is actually the responsibility of  
13 the using department who manages the contract before  
14 sending the invoice to the Comptroller.

15                   Whether it is Capital Planning or  
16 another agency, that obviously is an ongoing effort  
17 for all of the using agencies to monitor and manage  
18 their contracts before sending the invoices to the  
19 Comptroller.

20                   COMMISSIONER COLLINS: So you are saying  
21 that Contract Compliance will have nothing to do  
22 with it?

23                   MR. SAMSTEIN: Contract Compliance -- their  
24 primary focus continues to be on the ability for

1 vendors to comply with their utilization plans for  
2 minority and women business enterprises.

3 COMMISSIONER COLLINS: My personal feelings  
4 are that by putting it into Contract Compliance with  
5 qualified construction people, them doing the punch  
6 sheets is independent of them because what is going  
7 to happen, when these are all connected together,  
8 they are doing this together, it is not going to  
9 change. You are not going to get what you are  
10 looking for, if it was totally independent and you  
11 have people with the credentials to actually go in  
12 and look to see and monitor that work, just as we go  
13 in and monitor whether or not they have the right  
14 amount of people, minorities. Because I will tell  
15 you what happens in reality.

16 They may put the MBE/WBE, most  
17 certainly on the minorities, on the contract, saying  
18 they have this number on here. But the bottom line  
19 is -- how much money they are going to pay out, what  
20 is the contract, how long do they take, and how long  
21 do they stay? They will have them come, pay them.  
22 They have no work to do. They will sit around and  
23 then they will bring people who are not certified at  
24 all to do the work and it is cheaper labor. There

1 is some serious problems out there.

2 I think Contract Compliance should  
3 remain independent of the capital development  
4 program. I think you will get better results.

5 CHAIRMAN DALEY: Commissioner, they do a  
6 totally independent study. They are making sure  
7 that there is minority participation, as she alluded  
8 to earlier. Now on the sites they will be able to  
9 enter all of this into the computer.

10 COMMISSIONER COLLINS: But you have got to  
11 have qualified people to know.

12 CHAIRMAN DALEY: They can't certify the  
13 quality of the cement that they are bringing in.  
14 That is Capital's department. They wouldn't do that  
15 at all. Her department, she wouldn't have the  
16 expertise.

17 COMMISSIONER COLLINS: Not the quality. I  
18 am saying the quality of the project itself. She is  
19 not going to go in and see the texture of the  
20 cement. Somebody else ought to be responsible to  
21 look at that.

22 CHAIRMAN DALEY: What do you want her to  
23 do?

24 COMMISSIONER COLLINS: Basically, whether

1 it is complete, or what is left to do. We have some  
2 serious problems over at the County Hospital. There  
3 were firewalls that were not put up and they were  
4 supposed to.

5 CHAIRMAN DALEY: That's right, but that  
6 wouldn't fall under her.

7 COMMISSIONER COLLINS: They would have been  
8 able to at the time, if they had a person that would  
9 be able to suggest that.

10 CHAIRMAN DALEY: Her goal is to make sure  
11 that the contract compliance is being administered  
12 to at the site, not whether or not the firewalls  
13 were up to code. That is not her responsibility.

14 COMMISSIONER COLLINS: Contract Compliance  
15 is compliance to me of the whole contract. It is  
16 not you doing the labor. It is not you doing the  
17 work or what you are talking about. Somebody should  
18 be independent of all of the people you are talking  
19 about to make sure that contract compliance means  
20 more than just having the number of minorities and  
21 WBES and MBES.

22 CHAIRMAN DALEY: In the ordinance itself  
23 for Contract Compliance, it outlines what is the  
24 responsibility of Contract Compliance.

1                   Are you finished, Commissioner?

2                   COMMISSIONER COLLINS: I understand that.

3 I am saying we need to make sure it is working.

4                   CHAIRMAN DALEY: Then you have to amend the  
5 ordinance.

6                   Commissioner Sims.

7                   COMMISSIONER SIMS: I think what  
8 Commissioner Collins is asking, and she can correct  
9 me if I am wrong. I think she is talking about a  
10 construction manager. When I was Chairman of  
11 Construction, when we did the Domestic Violence  
12 Court, we did hire a construction manager to manage  
13 that project. That person was responsible for  
14 reporting back to us to make sure that everything  
15 was going properly.

16                   I think what she is probably asking is  
17 does that fall up under your department? Or do you  
18 have somebody like that in your office that would  
19 monitor the program?

20                   CHAIRMAN DALEY: It falls under John Cooke.

21                   COMMISSIONER SIMS: That is what she is  
22 maybe asking; is there a person that you would hire  
23 as a check and balance, to have a person that would  
24 do that?

1 MS. GOMEZ: The Chairman stated that that  
2 does fall under Capital Planning.

3 COMMISSIONER COLLINS: Then I was wrong,  
4 too.

5 CHAIRMAN DALEY: Commissioner Steele.

6 COMMISSIONER STEELE: Jackie, is this year  
7 -- are we going to have veteran certification under  
8 Compliance?

9 MS. GOMEZ: Veteran certification, yes.

10 COMMISSIONER STEELE: I am just making sure  
11 that everybody knows that is going to be a third  
12 category in Compliance that we are going to be  
13 following as well.

14 The individual that you said is going  
15 to be with the Hospital; is that going under your  
16 management as well, the new person that is working  
17 at the Hospital?

18 MS. GOMEZ: Correct.

19 COMMISSIONER STEELE: Is there any  
20 expectations that you have that we are going to  
21 expand or increase the volume of compliance that we  
22 are doing there, in any particular numbers that we  
23 are looking at, that will be increasing?

24 MS. GOMEZ: Absolutely. We have a good



1 strong working relationship now with the Hospital.  
2 What we are looking to do is to have this person  
3 fully dedicated to working on the Hospital projects.  
4 Right now, I wouldn't say one hundred percent  
5 dedicated, but it is greatly dedicated. What I am  
6 anticipating this person to do is to actually spend  
7 some time in the offices over at the Hospital  
8 System, working closely with their procurement  
9 tools, so that we can then do some outreach to  
10 increase the participation over there. I think this  
11 is an opportunity.

12 COMMISSIONER STEELE: That's great. I look  
13 for some reporting back on that, and also on those  
14 PPOs that we have over there as well.

15 Thank you.

16 CHAIRMAN DALEY: Any other questions?

17 We will now go on to the Enterprise  
18 Resource Planning, the ERP.

19 MR. SAMSTEIN: Thank you, Mr. Chairman.

20 The next department will be the  
21 Enterprise Resource System, or the ERP Department.  
22 That is on page nineteen and Prasad Nettem is the  
23 Director of that department.

24 MR. NETTEM: Good afternoon. Prasad

1 Nettem, Director of Enterprise Resource Planning.

2                   The Enterprise Resource Planning  
3 Department is a newly-formed department under the  
4 Bureau of Finance. It is responsible for financial  
5 technology initiatives to improve business  
6 operations.

7                   The ERP budget and FTE count was under  
8 CFO's budget last year. Our current employees will  
9 move from the CFO's budget into the new department.  
10 We have 19.8 FTEs budgeted for the next fiscal year.  
11 We staggered our hiring processes based on the  
12 project timelines. Most of our budget for the ERP  
13 Department is funded through capital funds.

14                  The ERP Department has been tasked  
15 with managing three strategic initiatives: number  
16 one, HR/payroll upgrade project; two, countywide ERP  
17 project; and three, time and attendance project.

18                  The HR/payroll upgrade project. As  
19 our current payroll system is unstable and an  
20 unsupported version, we evaluated various options to  
21 stabilize the payroll system within a short time  
22 frame. After thorough analysis, we decided to  
23 upgrade the current JD Edwards HR/payroll system to  
24 the latest release of JD Edwards.

1           The upgrade was identified as a  
2 medium-term solution while we work on procuring a  
3 new ERP solution that consolidates all the back-  
4 office functions under a single system for the long-  
5 term.

6           We negotiated an implementation  
7 services contract with Denovo, and after Board  
8 approval we began the project in May, 2013. I would  
9 like to thank the Board for approving the contract  
10 and showing your support for this critical project.

11           During the last five months we were  
12 able to work with various departments to capture  
13 business requirements, business process flows, and  
14 to identify areas for improvements. We have also  
15 completed the design and configuration of the  
16 system.

17           Starting this month we are working on  
18 system testing. We have users from various agencies  
19 working with us to test the functionality. We are  
20 planning to run complete payroll cycles in our test  
21 environment prior to going live.

22           The countywide ERP project. The  
23 countywide ERP project is to procure and implement  
24 the new ERP system that will support the enterprise,

1 including departments under the Office of the  
2 President, the Cook County Health and Hospitals  
3 System, independently elected officials, and the  
4 Forest Preserve District.

5 The implementation of the countywide  
6 ERP system will afford both operational and  
7 financial benefits to Cook County in the areas of  
8 financials, procurement, HR, payroll and benefits.

9 To procure this new ERP system we are  
10 issuing two RFPs, one for software and the second  
11 one for implementation services.

12 During the last three months, we  
13 worked with over fifty users from departments and  
14 agencies across the County to capture their business  
15 requirements. We worked with GFOA to document the  
16 RFP and software requirements, and reviewed with the  
17 business users prior to releasing the RFP.

18 We released the RFP for software  
19 earlier this week. During the next couple of  
20 months, we will be working with the business users  
21 to draft the requirements for software  
22 implementation.

23 Countywide time and attendance  
24 project. The countywide time and attendance project

1 is to implement a common platform across all  
2 agencies to schedule and collect time data. With  
3 this project, our goal is to reduce manual  
4 processing of time and attendance, and to improve  
5 the accuracy of reporting, resulting in more  
6 accurate payroll processing.

7 We completed the selection of software  
8 and implementation vendors. We are working with our  
9 procurement and legal team members to present the  
10 contract to the Board by the end of this year for  
11 approval.

12 The ERP Department goals for the next  
13 fiscal year. In early 2014 we will be completing  
14 the implementation of the new HR/payroll system. We  
15 want to make sure that the new system is thoroughly  
16 tested and users are well-trained prior to going  
17 live. We identified that there are over 400 users  
18 that need to be trained on the new system prior to  
19 going live.

20 After the initial going live, we will  
21 continue to work on business processes improvements.  
22 During our analysis phase, we identified several  
23 areas where we can minimize transaction processing  
24 time, printing, and duplicate data entry.

1                   For countywide ERP projects, our goal  
2     for the next fiscal year is to complete the RFP  
3     process and select ERP software and system  
4     integration vendors. We are planning to present  
5     both software and implementation services contracts  
6     to the Board for approval at the same time.

7                   For the countywide time and attendance  
8     project, our goal for the next fiscal year is to  
9     complete a survey at 340 sites to install the  
10    biometric timekeeping devices and start the  
11    installation of the devices.

12                  In addition to the installation of the  
13    devices, we will complete the configuration of the  
14    time and attendance software and deploy the system  
15    for pilot agencies. We are taking the phased  
16    rollout approach, and planning to complete the  
17    deployment to all agencies within eighteen months  
18    from the start of the project.

19                  CHAIRMAN DALEY: Vice Chair Sims.

20                  COMMISSIONER SIMS: Let me rephrase my  
21    question that I asked before. Maybe you are the  
22    person that can answer it. Did you hear my question  
23    in regards to payroll that I asked?

24                  MR. NETTEM: The question was -- the goal

1 of the payroll system?

2 COMMISSIONER SIMS: My question is: When  
3 do you electronically send over to the banks the  
4 payroll? When do you do that? Do you do that the  
5 day before, twelve o'clock at night or eight o'clock  
6 in the morning?

7 MR. NETTEM: Commissioner, the way the  
8 process works is as soon as we have done the payroll  
9 process, we then make a file that will be sent to  
10 the bank, an ACH file. So we need to work with the  
11 bank to see why it has changed from night to 8:00  
12 a.m. We probably need to contact the bank to see  
13 how we can handle that.

14 For our purpose, we will be sending  
15 the file to the bank as soon as we complete the  
16 file.

17 COMMISSIONER SIMS: You may finish it  
18 before twelve o'clock the day before.

19 My other question is: When we  
20 implement the new time clock, is that going to  
21 adjust the salaries of the employees? Let's just  
22 say a person is in a pay period. They are an hour  
23 late for the whole pay period. Let's just say  
24 something happened and they are an hour late. Is

1     their salary going to reflect that?

2                 MR. NETTEM:   In the system that we will be  
3     implementing, it will be based on all the CBA rules  
4     that we have.   There are rules within the  
5     department, how they are going to handle it.   We  
6     will be working with Lisa and also the departments  
7     to put those rules into the system.

8                 COMMISSIONER SIMS:   But you have to take  
9     into consideration what part is the union playing  
10    into that as well because if you start saying -- we  
11    have a time clock and somebody says they make  
12    \$20,000 a year, and let's look at it.   If they have  
13    been an hour late, you have already adjusted the  
14    payroll by an hour.

15                MR. SAMSTEIN:   Commissioner, you are  
16    correct.   Just for a point of clarification, when he  
17    is referring to the CBA he is referring to the union  
18    collective bargaining agreements.   You are  
19    absolutely correct.   The software system would embed  
20    the rules, and when he mentioned Lisa, it is Lisa  
21    Meador in Labor Relations.

22                You are absolutely correct that the  
23    software system would embed the rules of each  
24    separate union collective bargaining agreement



1     within the software specifically.

2                 COMMISSIONER SIMS:   Was that part of your  
3     discussion with the unions right now in implementing  
4     that and that will possibly adjust the payroll?

5                 MR. SAMSTEIN:   It is not a discussion point  
6     with the unions per se.   What the software does, it  
7     exactly contemplates the check as the union  
8     agreement stipulates.   The current union agreements,  
9     which, as you know, expired late last year, would be  
10    the basis that would initially be put in.   When new  
11    labor agreements are reached, then you are correct,  
12    based on those conversations that would be input  
13    into the software directly.

14                COMMISSIONER SIMS:   What if you have a  
15    situation where a person gets to work early.   They  
16    have got to work early all week.   Will it reflect an  
17    increase to their salaries or would it only affect  
18    if there is a decrease to their salaries?

19                MR. SAMSTEIN:   It will only implement or  
20    indicate what is authorized and allowed under their  
21    union collective bargaining agreement.   Whatever  
22    their collective bargaining agreement stipulates, it  
23    would be merited exactly.   I can't speak to the  
24    exact rules of the different collective bargaining

1     agreements.  The software will not take any  
2     liberties.  It will literally translate what is in  
3     our agreements.

4                 COMMISSIONER SIMS:  So what they are going  
5     to be looking at is actual time and not adjustments  
6     to salaries; is that what you are saying?

7                 MR. SAMSTEIN:  I am not sure that I follow  
8     the very last question, Commissioner.  I think  
9     whatever we are authorized and required to pay them  
10    under the collective bargaining agreements is  
11    exactly as we do today.  The software wouldn't  
12    change.  It would be just processing time.

13                There will be no changes to the  
14    people's pay from the software.  It would be just  
15    processing time.  It is going to be a uniform system  
16    for people to log in, but not change the people's  
17    pay.

18                COMMISSIONER SIMS:  Then what is the  
19    purpose of the clock?

20                MR. SAMSTEIN:  The purpose of the system is  
21    to automate it, reduce the processing time, and to  
22    make sure --

23                COMMISSIONER SIMS:  Maybe I am  
24    misunderstanding.  What do you mean "reduce

1 processing time"? What does that mean?

2 MR. SAMSTEIN: As it relates to our  
3 payroll. Today there is a fairly manual-oriented  
4 process for entering time and attendance for  
5 individuals. There are timekeepers all around the  
6 County and there are processes that are not always  
7 uniform. But, at the end of the day, the time that  
8 an individual works, pursuant to their collective  
9 bargaining agreement, the time under which they are  
10 paid, the system wouldn't change that. The time  
11 clocks do create a uniform method for which to track  
12 and indicate the hours that the individual, in fact,  
13 is at their work location.

14 COMMISSIONER SIMS: If there is a clock and  
15 it tells how many hours a person works in the day;  
16 if that person is an hour late, you are going to, at  
17 the end of the day, you are going to adjust their  
18 salary, and if they are making, in the total of the  
19 year, if they are making \$20,000 a year there is the  
20 possibility that over a year's time there could be a  
21 \$500 decrease over a period of a year that they have  
22 been late?

23 MR. SAMSTEIN: That is correct,  
24 Commissioner. That is how it is today. The

1 individual is paid for the hours they work. So the  
2 system isn't going to change that. It creates  
3 greater accountability.

4 COMMISSIONER SIMS: Because the timekeeper  
5 sends it in?

6 MR. SAMSTEIN: That is exactly right.

7 COMMISSIONER SIMS: I get it now.  
8 Everywhere there is a timekeeper.

9 MR. SAMSTEIN: That is exactly correctly,  
10 Commissioner. I apologize.

11 COMMISSIONER SIMS: Now you are depending  
12 on a person's accuracy, and then you will be  
13 depending on a time clock for accuracy?

14 MR. SAMSTEIN: That is correct.

15 COMMISSIONER SIMS: I get it. Okay.

16 CHAIRMAN DALEY: Commissioner Silvestri.

17 COMMISSIONER SILVESTRI: Thank you, Mr.  
18 Chairman.

19 Have the difficulties in reconciling  
20 the Hospital ERP program been resolved in order to  
21 consolidate them with the countywide ERP? Is our  
22 request for proposal somehow contingent on some type  
23 of connection to the hospital ERP program?

24 MR. SAMSTEIN: Commissioner, Prasad and his

1 team have worked very closely with the Hospital  
2 staff. I think the answer is: We have not yet gone  
3 out to bid. The anticipation is that our bids are  
4 so structured that we have the ability to  
5 incorporate the Hospital, obviously Lawson, or  
6 otherwise.

7 COMMISSIONER SILVESTRI: Is this the  
8 Lawson?

9 MR. SAMSTEIN: With Lawson. I'm sorry; you  
10 are correct. As the bids come in, Prasad and his  
11 team will continue to work very closely with Health  
12 and Hospitals, and we will look very closely at the  
13 most cost-effective --

14 COMMISSIONER SILVESTRI: Is there a bid  
15 requirement to be able to connect with the Lawson  
16 system at the Hospital? It doesn't necessarily  
17 require that the overall system be a Lawson system?

18 MR. SAMSTEIN: That is correct.

19 COMMISSIONER SILVESTRI: Not that I am for  
20 or against Lawson --

21 MR. SAMSTEIN: That is correct.

22 COMMISSIONER SILVESTRI: I was concerned  
23 that the system would become almost conditioned on a  
24 system that we didn't have any input on, basically.

1           MR. SAMSTEIN: That is a great point,  
2 Commissioner. Absolutely not. We are going out to  
3 the market with a request for proposal, and, as  
4 Prasad has indicated, the request for proposal will  
5 be released early this week.

6           COMMISSIONER SILVESTRI: But it does not  
7 include the Hospital or includes access to  
8 connecting to the Hospital?

9           MR. SAMSTEIN: It allows for the Hospitals  
10 System to connect too, or could ultimately replace  
11 the Hospital' system. We will continue to work with  
12 the Hospitals System on what is the most cost-  
13 effective.

14           COMMISSIONER SILVESTRI: They have spent  
15 lots of money on that system. That is why I would  
16 hate to see that money go. There is no anticipation  
17 that that money would be lost?

18           MR. SAMSTEIN: That is correct,  
19 Commissioner.

20           COMMISSIONER SILVESTRI: The Chairman and  
21 Commissioner Suffredin and I met with them at length  
22 on this issue. We were concerned about it at the  
23 time. The Hospital is on its own. The Hospital did  
24 it on their own, and they want the system to

1 coordinate with their system.

2 MR. SAMSTEIN: That's correct.

3 COMMISSIONER SILVESTRI: Commissioner Daley  
4 and I were both told that that can't happen -- do  
5 you remember that? But now you say that it can  
6 happen; right?

7 MR. SAMSTEIN: To the first question --  
8 that's right.

9 COMMISSIONER SILVESTRI: Thank you very  
10 much. I will retract my other statement.

11 CHAIRMAN DALEY: Any other questions?

12 Commissioner Steele.

13 COMMISSIONER STEELE: Will all of the  
14 separately-elected departments be tied to the same  
15 system?

16 MR. NETTEM: Yes, Commissioner.

17 COMMISSIONER STEELE: The Cook County  
18 employees in the Hospitals System, can they swipe  
19 out at the Hospital?

20 MR. NETTEM: Yes, Commissioner.

21 CHAIRMAN DALEY: Any other questions?

22 If not, we will go on to the  
23 purchasing agent.

24 MR. SAMSTEIN: Commissioners, the final,

1 but certainly not the least, is the Department of  
2 the Office of Procurement, Shannon Andrews.

3 MS. ANDREWS: That is on page fifty-three.

4 MS. ANDREWS: Good afternoon. Shannon  
5 Andrews, the Chief Procurement Officer.

6 We are responsible for the procurement  
7 of goods and services on behalf of the Cook County  
8 user departments, and the offices of the separately-  
9 elected officials.

10 Going to the chart that you see here,  
11 you will note that we have a three-person personnel  
12 increase. This is a direct reflection of eight  
13 employees per a decision made by an arbitration  
14 hearing. Eight positions were returned to the  
15 Office of the Chief Procurement Officer. We worked  
16 closely with the Budget Office to identify vacant  
17 positions that could be removed from our budget,  
18 which is a total of three, in terms of 2014.

19 On the next slide, you see some of the  
20 accomplishments of the Office of the Chief  
21 Procurement Officer. One of the things we focused  
22 on was being committed to better customer service  
23 and increased communications with all of our  
24 stakeholders. We have included or increased



1 internal and external training.

2                   We work with all of our user  
3 departments to have them identify procurement  
4 liaisons to now host monthly meetings with those  
5 liaisons, and to educate them on the procurement  
6 process and procedures. In addition to that, we  
7 host workshops for the vendor community and also  
8 take a lot of pride in the enhanced Cook County  
9 buying plan, which serves several role in terms of  
10 assisting with planning, purposes, as well as being  
11 able to give the community a snapshot of what is  
12 incoming for Cook County to purchase.

13                   Another focus has been operational  
14 efficiencies, in terms of driving faster cycle  
15 times. We also spent a great deal of time  
16 strategically tackling those procurements that in  
17 the queue were more than fifty percent over their  
18 targeted cycle time. We have been able to reduce  
19 the number of those in the system.

20                   We have also worked closely with the  
21 procurement liaisons to introduce a new technology  
22 solution that is Web-based; that allows not only the  
23 Office of the Chief Procurement Officer to monitor  
24 the process of the procurements, and it gives access

1 to the user department as well.

2 On the next page you will see again,  
3 you will see 2014 budgeted highlights. We will  
4 continue our efforts to help our using agencies to  
5 develop clear and concise requirements. As always,  
6 we lead the effort in terms of the contract  
7 negotiation processing, in terms of making certain  
8 that the user departments are in keeping with good  
9 government procurement practices, as well as we will  
10 continue our initiative to increase transparency to  
11 make certain that people are aware of the contracts  
12 that have been awarded by the Office of the Chief  
13 Procurement Officer.

14 The last slide is just a snapshot of  
15 our performance metrics. It is kind of a highlight  
16 or focus on the operating efficiencies, which is to  
17 ensure that procurement gets through the process  
18 time quickly and efficiently.

19 Thank you.

20 CHAIRMAN DALEY: Commissioner Suffredin --  
21 Commissioner Gainer.

22 COMMISSIONER GAINER: I thought there would  
23 be a long line -- thank you.

24 I had a couple of questions. Thank

1     you for your presentation. I asked Andrea earlier  
2     about this matching of savings from promises and all  
3     of that stuff. You and I have discussed the  
4     Accenture contract and other contracts in which we  
5     don't pay, and the vendor is going to get paid on  
6     savings that we will achieve at a future point in  
7     time.

8                     We saw the Inspector General's report  
9     on contracts with PwC. Have you seen that report?

10                    MS. ANDREWS: I have not, no.

11                    COMMISSIONER GAINER: I would encourage you  
12     to do so. It was a similar setup to Accenture's.  
13     We didn't pay them per se. They captured some  
14     savings. It ended up being fairly disastrous, such  
15     now that the Inspector General is involved, massive  
16     overpayments, more than we thought we were going to  
17     get into.

18                    Do we have any other contracts like  
19     that, where we actually are not paying for what we  
20     are buying, but the vendor is capturing portions of  
21     either A, an assumed savings, or an actual savings?

22                    MS. ANDREWS: Off the top of my head,  
23     certainly the Accenture contract was unique. The  
24     closest to that might be some of the audit contracts

1 -- for instance, the contract that came before the  
2 Board earlier this year where a company is going to  
3 come in and review bills. But, again, at that  
4 point, they are paid based on what they actually  
5 find.

6 COMMISSIONER GAINER: What about US  
7 Equities?

8 MS. ANDREWS: The US Equities contract --

9 COMMISSIONER GAINER: There is a department  
10 more relevant to ask that question of, but I thought  
11 that that is part of how they were being paid, too?

12 MR. SAMSTEIN: Commissioner, as you  
13 indicated, it is the Real Estate and Economic  
14 Development who manage that.

15 COMMISSIONER GAINER: I can ask that  
16 tomorrow, if it is more appropriate.

17 MR. SAMSTEIN: I would say that our  
18 understanding of the contract is we do work closely  
19 with Real Estate and the team on that project. They  
20 are obviously managing it. But our understanding it  
21 is not paid as a percent of the savings. It is paid  
22 for billable hours, effectively, or for the  
23 deliverables that are associated with it, but not on  
24 a percent of savings basis.

1           COMMISSIONER GAINER: What about some of  
2 these energy retrofit contracts?

3           MS. ANDREWS: Again, in those instances,  
4 with the exception of the Accenture contracts and  
5 contracts like that, essentially --

6           COMMISSIONER GAINER: What do you mean  
7 "contracts like that"?

8           MS. ANDREWS: Contracts like US Equities,  
9 Accenture, anything where the Procurement Department  
10 was an important part of the evaluation of what they  
11 were submitting as actually identifying cost  
12 savings. But in the instance of the rebates, that  
13 would be something that would be managed directly by  
14 the user department.

15           The Procurement Department does not  
16 see -- with the exception of if there are issues or  
17 problems brought up by the user department or the  
18 vendor, we have not been historically involved in  
19 that process.

20           MR. SAMSTEIN: I think the Commissioner is  
21 specifically referring to the energy-savings  
22 contracts. Those are contracts that are managed by  
23 Capital Planning and John Cooke and his department,  
24 that monitors those energy-savings service

1 contracts. I think, Commissioner, you are referring  
2 specifically to NORESCO and Johnson Controls.

3 COMMISSIONER GAINER: That is exactly  
4 right. That is something for them tomorrow.

5 Shannon, you are only a part of the  
6 choice of those vendors? They don't go through the  
7 standard procurement process?

8 MS. ANDREWS: They do go through the  
9 standard procurement process. Our role as the  
10 Office of the Chief Procurement Officer is to ensure  
11 that the language in the contract is reflective of  
12 what the using agency has requested, and that the  
13 language in it is appropriate in terms of giving us  
14 a recourse if those goals are not met.

15 COMMISSIONER GAINER: So we have the  
16 NORESCO contract, the Accenture -- even though the  
17 PwC contract predated you, and was at the Health and  
18 Hospitals, I encourage you to read the IG report  
19 because it is pretty damning. We don't think there  
20 is anything else outstanding that has rebates or the  
21 vendor paid through other things that the County  
22 must accomplish?

23 MS. ANDREWS: Certainly not. We have been  
24 working closely with the Budget Department to go

1 through and do an analysis of some contracts that  
2 exist in our marketplace where there are rebate  
3 incentives attached to them.

4 For instance, with our Grainger  
5 contract --

6 COMMISSIONER GAINER: But an incentive is  
7 different, and I appreciate that. But basically  
8 they have a set base level of pay. If they have  
9 other achievements that they hit, they can receive  
10 some additional.

11 What I am asking is: In the first set  
12 of contracts, the County has to actually get  
13 something done for us to receive the benefit of it,  
14 not just for the vendor to receive the benefit of  
15 it. The concern about the Accenture contract was  
16 all they had to do was propose savings. We could  
17 have not saved a dollar, and they would have still  
18 gotten paid just by identifying savings. Those are  
19 the things that concern me, and I want to avoid in  
20 the future.

21 There is the energy-savings contract.  
22 We will look at US Equities in the confirmation of  
23 the billable hours; but there are no others that  
24 have these types of payment arrangements?

1 MS. ANDREWS: Not to my knowledge.

2 COMMISSIONER GAINER: Is that true, Mr.  
3 Chairman?

4 CHAIRMAN DALEY: Going back to your point,  
5 Commissioner. I think it was Johnson Controls that  
6 had the energy savings. We requested that in our  
7 discussion. I am trying to recall, but they were  
8 going to monitor themselves.

9 COMMISSIONER GAINER: John Cooke and I had  
10 a whole back-and-forth on this.

11 CHAIRMAN DALEY: We asked that the Auditor  
12 independently come in and audit them. I just wanted  
13 to make that point. I want to follow up on the  
14 savings that the City had. They would say, "Who  
15 monitors this?", and we would save "X" amount.

16 COMMISSIONER GAINER: You mean the recent  
17 announcement of the interagency departments.

18 CHAIRMAN DALEY: Correct; where can we  
19 point specifically to that?

20 COMMISSIONER GAINER: I appreciate that  
21 question, but before we get there, I just want to  
22 confirm with Ivan that there are no other contracts  
23 in which vendors are paid in this way?

24 MR. SAMSTEIN: Not to our knowledge. There



1 is the "Azovar" track, which is an entity that does  
2 audit telecommunications and, I believe, utility  
3 bills. That is managed by the Bureau of  
4 Administration.

5 COMMISSIONER GAINER: Is that a post --

6 MR. SAMSTEIN: That is a post-track.

7 COMMISSIONER GAINER: Whatever they get,  
8 they get?

9 MR. SAMSTEIN: That is correct.

10 COMMISSIONER GAINER: They are actually  
11 getting paid by what they actually save us; not what  
12 they tell us they can save?

13 MR. SAMSTEIN: That is correct. Those are  
14 after the bills. Again, that contract is managed.  
15 To our knowledge, we are not aware of any other. We  
16 will certainly look back and see if there is  
17 something that we are not aware of.

18 I do just want to point out that the  
19 energy service contracts with Johnson Controls and  
20 the rest were managed by John Cooke and his team.

21 You may recall, Commissioner, we did  
22 respond to some questions in writing after the June  
23 Finance Committee hearing when we talked about the  
24 bonds. Those vendors do, in fact, have -- I think

1 we even provided the language from those contracts.  
2 John Cooke and I responded. They do, in fact, have  
3 guarantees, performance guarantees associated with  
4 the energy savings over time. There is a process --  
5 Mr. Chairman is correct. John Cooke will be  
6 coordinating with the County Auditor's Office on  
7 those on an annual basis. But they are ultimately  
8 responsible for reviewing and verifying the numbers.  
9 But there are, in fact, performance guarantees  
10 associated each annual year with those contracts.

11 COMMISSIONER GAINER: But that only works  
12 when we actually audit them. Are they going to  
13 amend the contracts to say that the County Auditor  
14 has the final word?

15 CHAIRMAN DALEY: Commissioner, I believe  
16 the County Auditor can independently go in and audit  
17 it themselves.

18 COMMISSIONER GAINER: I am not going to  
19 belabor this point. We will follow it up  
20 afterwards.

21 CHAIRMAN DALEY: I think the Board was very  
22 clear at that meeting. I think it came up in  
23 Finance because of the concerns.

24 COMMISSIONER GAINER: I remember it

1 exactly. They had performance measures, but they  
2 were also responsible for monitoring themselves to  
3 say if they achieved the actual thing to allow them  
4 to get paid. The irony is not lost.

5 The only thing I want to know -- do we  
6 have any of these other contracts? The answer is  
7 no, not to your knowledge, but you will get back to  
8 me and verify it. Let's assume, if you guys don't  
9 know, they shouldn't exist.

10 MR. SAMSTEIN: That is correct. We will  
11 verify it, Commissioner.

12 COMMISSIONER GAINER: That's great. Thanks  
13 so much.

14 CHAIRMAN DALEY: Any other questions?

15 Commissioner Collins.

16 COMMISSIONER COLLINS: I am trying to get a  
17 better grasp on what it is, your role that is  
18 separated from the using agencies. I know the using  
19 agencies put together -- they establish the need for  
20 what it is they want to do. I am sure they probably  
21 are responsible for the specifications in those  
22 contracts, the RFPs, or whatever they put out that  
23 goes out to bid, the contracts.

24 Are you the person that sits down when

1     they put it all together, when you look at the  
2     contract itself and it is approved? That is just a  
3     form. The State's Attorney really doesn't know what  
4     is in the contract. Nine times out of ten he has  
5     never even seen it. They basically just use it --  
6     that is what the State requires, it is the form.  
7     They have to make sure that they adhere to a certain  
8     kind of form for that contract. It is the  
9     uniformity, I guess.

10                     Do you monitor the contracts yourself?  
11     We do a lot of expanding and extending of contracts  
12     that exist. I am not just talking about -- I am  
13     talking all contracts. You do service contracts as  
14     well. You do capital contracts; right?

15                     MS. ANDREWS: Yes.

16                     COMMISSIONER COLLINS: You do all  
17     contracts. In your office, is your office set up to  
18     have qualified people in those offices that is  
19     actually monitoring the work itself, and doing a  
20     report on monitoring the contracts, specifically  
21     service contracts? Because they are harder to  
22     monitor and to prove whether or not they are  
23     effective or not, even based on some written goals.

24                     Most of them I see don't have

1 operational definitions. It doesn't really tell us  
2 what we are going to do to accomplish what we say we  
3 are going to accomplish. And most times, nine out  
4 of ten, they really don't accomplish what they say,  
5 you know, what they are going to accomplish. What  
6 do you do to ensure -- before you do an extension --  
7 is there anything ever put in writing that this  
8 contractor deserves, or we can trust that they are  
9 effective, that they are actually yielding something  
10 definitive as a result so that we can see that makes  
11 a difference, a positive difference, or we are  
12 saving "X" number of dollars? Not we are saving  
13 money, but "X" number of dollars, and this is how  
14 they saved it so far as they go along. Then at the  
15 end of that contract we can say for the year, for  
16 the fiscal year we saved \$100,000, \$50,000, or  
17 \$20,000.

18 Do you have a process in your office  
19 that can give you that because that is what I am  
20 told that you do?

21 MS. ANDREWS: The role of the Office of the  
22 Chief Procurement Officer is we are the contracting  
23 authority for Cook County. It is our job to ensure  
24 that the procurements that are presented before the

1 Board for approval, and my office is going to  
2 execute, have followed all of the laws, rules, and  
3 regulations that govern public procurement.

4 Our primary function is to ensure that  
5 the process from beginning to end is in keeping with  
6 all local, State, and Federal laws, rules, and  
7 regulations. That is our primary function.

8 To that extent, we depend heavily on  
9 the user departments as the experts of the services  
10 and the needs that they require. We don't presume  
11 to go in and tell John Cooke or John Yonan or  
12 anybody else, or other folks, how they should be  
13 managing their contracts. What we do require, at  
14 the point of the request for an amendment or for an  
15 extension of time or money, is our primary role is  
16 to ensure that the contract language allows for  
17 that.

18 We also request documentation to  
19 support the need for it. We are really, quite  
20 frankly, driven by the paper, the contract, the  
21 language of the contract that is before us.

22 The challenge that we are in -- again,  
23 we do not have the in-house expertise to make  
24 judgments on whether the departments are receiving

1 the goods and services in the way that they should.  
2 That is their function. So we do require  
3 documentation to make certain to the extent that  
4 there were requirements that were laid out in the  
5 original contract, we will request that  
6 documentation and supporting information to ensure  
7 that again the amendments, the contracts are in  
8 keeping with the laws, rules, and regulations that  
9 govern the process.

10 COMMISSIONER COLLINS: I understand. So  
11 you really have to rely on their information to  
12 determine whether or not, when you enter into an  
13 agreement to purchase through the City of Chicago,  
14 or when you do a joint purchasing, when you do it  
15 with the State or whatever to save money, has that  
16 decision been made prior to it coming to you, your  
17 final action? Or is that your total decision?

18 MS. ANDREWS: That is the responsibility of  
19 the user department. Again, my role is to govern  
20 the process. I am not in a position where I can  
21 tell a user department -- unless there is some sort  
22 of procurement needs or some sort of language that  
23 is outlined in the contract or if there is some sort  
24 of law, be it local, Federal, or State, that has not

1     been adhered to as is outlined in the contract.

2                     There is no role of my department in  
3     terms of determining whether the final product  
4     and/or services that were received met the needs of  
5     the user department. That is the responsibility of  
6     the user department.

7                     COMMISSIONER COLLINS: I am not asking you  
8     that. Prior to your coming on board -- I don't want  
9     to consume all of your time. But prior to you  
10    coming on board there was a lot of talk about our  
11    saving money. I always believed in bulk purchasing,  
12    consolidating purchasing with other agencies and all  
13    of that, to save money with the State. I am saying  
14    is that your role? Once you get from the using  
15    agency everything that they are asking for, it is  
16    fine, it is in their budget, and all of the things  
17    that you do, the legal stuff; do you have the  
18    authority to make the decision as to who you are  
19    going to purchase it from as it relates to bulk  
20    purchasing, as it relates to consolidated purchasing  
21    and all of that?

22                    MS. ANDREWS: My authority is outlined by  
23    the procurement code. If the procurement has been  
24    done, and it follows the procurement standards that



1 are outlined by that code, then I have the authority  
2 to execute that contract; of course, after coming to  
3 the Board for approval.

4 Again, I hope that this is answering  
5 your questions, but the Procurement Department does  
6 not manage contracts. The user departments manage  
7 the contracts. If they don't meet certain  
8 ordinances, laws, rules, or regulations, I can then  
9 say, "This is not a contract that can move forward."  
10 This is something that I do quite often, actually.  
11 If something is not in compliance with the laws,  
12 rules, and regulations as outlined by this Board and  
13 other entities, I do have the authority and I do  
14 tell the departments that they can't move forward.

15 CHAIRMAN DALEY: Are you finished,  
16 Commissioner?

17 Commissioner Garcia.

18 COMMISSIONER GARCIA: Thank you, Mr.  
19 Chairman.

20 Good afternoon, Shannon.

21 MS. ANDREWS: Good afternoon.

22 COMMISSIONER GARCIA: I have just one brief  
23 question. Are we on firm ground, as far as having a  
24 solid justification for our current MBE/WBE

1 procurement goals?

2 MS. ANDREWS: I believe, just in keeping  
3 with what Jacqueline Gomez reported earlier, that  
4 office was working on a disparity study. I think  
5 that we feel comfortable with where we are at.  
6 Again, I work closely with her, but that is an  
7 initiative and an effort that is being led by her  
8 department.

9 COMMISSIONER GARCIA: Thank you very much.

10 CHAIRMAN DALEY: Are there any other  
11 questions?

12 Thank you very much.

13 MR. SAMSTEIN: Thank you, Commissioners,  
14 and thank you on behalf of all of us in the Bureau  
15 of Finance, and thank you for your questions.

16 CHAIRMAN DALEY: This Committee will stand  
17 in recess until the hour of 1:30. As a reminder,  
18 the President is giving her address at one o'clock  
19 on the Forest Preserve District, to be followed by  
20 the Finance Committee hearing at 1:30. So we will  
21 stand in recess until 1:30, or at the completion of  
22 the Forest Preserves.

I certify that the foregoing is a  
correct transcript of the original shorthand notes  
of proceedings in the above-entitled matter.

\_\_\_\_\_  
Anthony W. Lisanti  
Official Court Reporter

\_\_\_\_\_  
Date